Product Disclosure Statement

Effective 4 April 2018

Contracts for Difference | Foreign Exchange Products

Halifax Investment Services Pty Ltd

ACN 096 980 522 | AFSL 225973

www.halifax.com.au

Important Information and Disclaimers

Date of this PDS

This product disclosure statement (**PDS**) is dated 2 April 2018, and effective from, the date set out on its front cover.

What is this PDS for?

Halifax Investment Services Pty Ltd (ACN 096 980 522) (**Halifax**) carries on a financial services business in Australia which includes provision of financial product advice and issuance and other dealings in financial products.

Part of Halifax's business includes issuance of over-the-counter (**OTC**) contracts for difference (**CFDs**), margin foreign exchange contracts (**Margin FX**) and option contracts over Margin FX products (**FX Options** and, together with Margin FX, **FX products**) to clients. Before Halifax offers to issue, or to arrange to issue, a CFD or FX product to a person as a retail client, it must generally give the person a PDS for the financial product unless an exception applies (e.g. where it reasonably believes that the person has already received a PDS that contains all necessary information). Halifax has prepared this PDS in order to satisfy this requirement.

While this PDS is designed to assist you in making an informed decision regarding opening an Account and transacting in CFDs and FX products, the information in it is general information only and does not take into account your personal financial objectives, needs and circumstances. We recommend that you seek independent advice before transacting in CFDs and FX products.

Glossary of terms

When this PDS uses the term:

- **we**, **our** or **us**, it is referring to Halifax, the issuer of the financial products described in this PDS;
- **you** or **your**, it is referring to you as our prospective or existing retail client and applicant for, or holder, of the financial products described in this PDS; and
- **client**, it is to you or another applicant for, or holder of, financial products issued by us.

Refer to section 27 for a glossary which sets out the meanings of other terms used in this PDS.

Client suitability test?

Trading in OTC CFDs and FX products is not suitable for all investors because of the significant risks involved. As many investors do not receive independent professional advice about whether or not these financial products are appropriate for their financial objectives, needs and circumstances, the Australian Securities and Investments Commission (**ASIC**) expects issuers to play a role in ensuring that only investors who are able to demonstrate a sound understanding of the features and risks of these products can open an Account and trade. This is because ASIC believes that investors who thoroughly understand the features and risks of the product will be able to determine whether OTC CFDs and FX products are an appropriate investment for them and to manage the risks associated with trading on an ongoing basis.

We have established a client qualification policy which includes a client suitability test. The client suitability test includes questions designed to test an investor's knowledge and also to reiterate some aspects of the disclosure requirements for OTC CFDs and FX products.

If you are a new client, you must complete our client suitability test before you will be able to trade OTC CFDs and FX products with us.

Warning about CFDs and FX products

Decisions to invest in CFDs and FX products carry significant risks and consequences. Transactions involving these financial products are highly leveraged and may carry a high degree of risk. You should have experience with them and/or other derivative products and understand and accept the risks of investing in them.

Trading in CFDs and FX products may result in you losing more than your initial investment. You may incur losses to the extent of your total exposure to us and any additional fees and charges that apply. These losses may be far greater than funds you have deposited in your Account or are required to deposit to satisfy Margin Requirements. When you acquire a CFD or FX product from us, you are trading with us and not in (nor do you acquire ownership of, or any rights to) the Underlying Product to which you are exposed.

Other jurisdictions

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. If you reside outside Australia, you must seek legal advice on and comply with any such restrictions before acting on this PDS as failure to do so may constitute a violation of financial services laws.

This PDS does not constitute an offer or invitation in relation to a financial product to any US persons or in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

DO YOU HAVE ALL RELEVANT DOCUMENTS?

This PDS is subject to the detailed provisions of the Client Services Agreement and our Financial Services Guide. Please read these documents and this PDS, and ensure you fully understand them, before you trade in any CFDs or FX products.

If you have any questions about the Client Services Agreement, our Financial Services Guide or this PDS, please contact us (see section 1 for our contact details).

BEFORE YOU TRADE, CAREFULLY CONSIDER WHICH TRADING PLATFORM BEST SUITS YOUR NEEDS

It is very important for you to understand the Trading Platforms and, where relevant, our arrangements with our Platform Counterparties, as they can affect key terms of the Transactions you enter into and can fundamentally change the nature of your legal rights in respect of a CFD or FX product and your Account in general.

Your choice of Trading Platform can significantly impact:

- the fees and costs you are charged for your Transactions; and
- the range of Transactions you are able to enter into.

In order to enter into a Transaction, you must generally select a Trading Platform.

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PRODUCT DISCLOSURE STATEMENT

1. About Halifax

We are the issuer of this PDS and the issuer of the CFDs and FX products referred to in this PDS.

We carry on a financial services business in Australia which, in accordance with our Australian Financial Services Licence (AFSL), includes advice, dealing and making a market to both retail and wholesale clients in derivatives. CFDs and FX products are derivatives.

Pursuant to our AFSL, among other things, we are also authorised to provide general and/or personal financial product advice in relation to, and to deal in, the following products for both retail and wholesale clients:

(a) deposit and payment products limited to basic deposit products;

(b) interests in managed investment schemes (excluding investor directed portfolio services);

(c) derivatives (and make a market);

(d) foreign exchange contracts (and make a market);

(e) securities; and

(f) miscellaneous financial investment products (limited to managed investment warrants).

All enquiries to us should be made during business hours to the Operations Manager. Our contact details are:

The Operations Manager
Halifax Investment Services Pty Ltd
Level 49, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Telephone: 1300 363 505 (+61 2 9373 4300)

Facsimile: +61 2 9241 4331

Email: operations@halifaxonline.com.au

Our website: www.halifax.com.au

2. Changes to this PDS

This PDS is subject to change from time to time and may be updated on our website. A copy can be downloaded from our website or, by calling us and requesting that a paper copy be provided to you free of charge. If any new information is materially adverse to you, we will issue a new or supplementary PDS with the new information. If the new information is not materially adverse to you, we may not issue a new PDS or supplementary PDS but you will be able to find the updated information on our website or by contacting us (see section 1 for our contact details).

3. Terms and conditions

This PDS and our Financial Services Guide set out important information about us and the financial products and services we offer. Additional legal terms governing your dealings with us are set out in:

- the Client Services Agreement with us;
- any supplementary terms for particular financial products; and
- any supplementary terms for any Trading Platform you use.

You will need to enter into a Client Services Agreement with us by completing the application form and submitting it to us. The Client Services Agreement sets out the general legal terms of your dealings with us for the financial products covered by this PDS and also for dealings not covered by this PDS (such as trading in other financial products we offer). By completing an application form and submitting it to us, you agree to the terms of the Client Services Agreement and this PDS.

To the extent of any inconsistency between the Client Services Agreement and this PDS, unless expressly agreed otherwise, this PDS shall prevail.

4. Financial products covered by this PDS

This is a PDS for CFDs and FX products offered by us. They are OTC financial products.

An OTC financial product is one that is traded off-market rather than through a securities exchange or other financial market.

4.1 CFDs

A CFD is an agreement by which you can make a profit or loss from changes in the market price, value or level of the relevant Underlying Product. The Underlying Product is usually an exchange-traded share or other security or a market index, commodity, bond or interest rate. The holder of a CFD does not own, or have any indirect interest in or right to, the Underlying Product. Because the value of the CFD is (in part) derived from the value of the Underlying Product, a CFD is a derivative financial product.

We offer CFDs on:

(a) Australian and international shares (**Share CFDs**);

(b) Australian and international market indices (**Index CFDs**); and

(c) commodities, bonds and interest rates (**Expiring CFDs**).

In respect of Share CFDs, we do not currently offer them on new Accounts but may elect to do so in the future.

(See section 6.2 for more details.)

We will enter each CFD Transaction with you as principal.

Refer to section 6 for more information about CFDs.

4.2 Margin FX

A Margin FX product is an agreement by which you can make a loss or a profit from movements in the level of an Exchange Rate for different currencies and/or precious metals (referred to as the **Underlying Exchange Rate**).

Margin FX products have no fixed expiry dates, are not standardised contracts and have no fixed contract size. As a party to a Margin FX Transaction, you can, on Closing Out the Transaction, be paid an amount (representing a gross profit or be required to pay an amount (representing a gross loss) arising from movements in the Underlying Exchange Rate.

The Underlying Exchange Rate can be either the price of one currency expressed in the terms of another currency (**FX Transactions**) or the price of a precious metal expressed in a specified currency or another precious metal (**Metal Transactions**).

(a) *FX Transactions* – the Exchange Rate is the price of one currency in terms of another currency (called a **Currency Pair**). For example, the Exchange Rate might be the price of the Australian dollar (AUD) in terms of the United States dollar (USD). If the current Exchange Rate for AUD against USD (AUD/USD) is 0.9000, this means that one Australian dollar equates to, or can be exchanged for, 90 US cents.

(b) *Metal Transactions* – the Exchange Rate is the price of one precious metal (gold or silver) in terms of a specified currency or the other precious metal (called a **Metal Pair**). For example, the Exchange Rate might be the price of spot gold (XAU) in terms of the United States dollar (USD). If the current Exchange Rate for XAU against USD (XAU/USD) is 1300.00, this means that one ounce of spot gold equates to, or can be exchanged for, 1,300 US dollars.

All Margin FX Transactions remain open until they are Closed Out. This occurs when the client enters into an equal and opposite Transaction and the two positions are offset against each other.

Importantly, trading Margin FX does not result in the ownership by you of any actual currency or precious metal to which the Margin FX Transaction relates. Margin FX Transactions do not result in the physical delivery of the relevant foreign currency or precious metal, but instead are cash settled.

We will enter each Margin FX Transaction with you as principal.

Refer to section 7 for more information about Margin FX.

4.3 FX Options

Option contracts traded over Margin FX are referred to as **FX Options**. The buyer of an FX Option pays a Premium in exchange for the right, but not the obligation, to enter into a Margin FX Transaction with the seller at a predetermined Exchange Rate (called the **Exercise Rate**) on the Expiry Date.

From the seller's viewpoint, the seller has no right other than a right to the Premium. In return for the Premium, the seller accepts an obligation to enter into a Margin FX Transaction at the Exercise Rate of the FX Option if the FX Option is validly exercised by the buyer.

If the FX Option is exercised at the Expiry Date, this will result in either a Cash Settlement or the establishment of a Margin FX Transaction between the buyer and the seller.

You can terminate your exposure under an FX Option before the Expiry Date by:

- where you are the buyer of the FX Option, selling to us a corresponding FX Option; or
- where you are the seller of the FX Option, buying from us a corresponding FX Option.

We will enter each FX Option Transaction with you as principal.

Refer to section 8 for more information about FX Option products.

4.4 Purpose CFDs and FX products

CFDs and FX products are generally used for one of two purposes – hedging or speculating.

(a) CFDs and FX products can provide those who have exposure to the Underlying Product with a facility for managing the risks associated with changing prices, value or levels. This strategy is known as hedging.

(b) CFDs and FX products can also be traded by speculators, who trade in the anticipation of profiting purely from changing prices, value or levels in the Underlying Product.

Generally, trading CFDs or FX products allows you to leverage your positions to take a much greater exposure than if you were to purchase the component securities, currencies or precious metals of the Underlying Product. Trading in CFDs or FX products involves significant risk. Transactions should only be entered into by traders and investors who understand the nature and extent of their rights, obligations and risks (see section 10 for more information about significant risks).

4.5 What are the Trading Platforms and how do they affect my Transactions?

To enter a Transaction with us, generally you must select one of our Trading Platforms through which to do so. Each Trading Platform has a separate online interface and so you must arrange through us for access to each Trading Platform you want to use. Each individual Transaction will be through a specific Trading Platform and you cannot transfer open positions from one Trading Platform to another.

There are two ways in which we can we can issue CFDs or FX products to you in a Transaction.

(a) As a 'straight through processor', which means that we essentially hedge 100% of our exposure to you under the Transaction by entering into an equivalent matching transaction with the relevant Platform Counterparty (referred to as the **Hedge Transaction**).

(b) Alternatively, we can elect not to hedge, or to hedge less than 100% of, our exposure to you under the Transaction.

If you enter into a Transaction with us using the Halifax Pro or Halifax Plus Trading Platforms, we will decide at our discretion whether we hedge our exposure to you and, if we do decide to hedge our exposure, how much of the exposure we hedge. Further, we may decide to alter our hedging arrangements during the time any CFD or FX product we issue to you remains open. In making these decisions, we will be guided by our market risk policy (see the explanation under Benchmark 3 in section 5.3 for more information).

In particular, your choice of Trading Platform for a Transaction and the Trading Platforms we offer clients generally (regardless of whether you use all of them) has the following impacts.

- Whether, and the extent to which, we hedge our exposure as issuer of CFDs and FX products.
- The fees and costs you are charged for the relevant Transaction.
- The range of Transactions you are able to enter into.

4.6 What credit risks do you take?

Your rights against us in respect of a Transaction are unsecured contractual rights.

The fact that we may decide not to hedge, or to hedge less than 100% of, our exposure to Transactions is relevant to our credit risk because we will only be able to rely on our own financial resources to meet any unhedged exposures which crystalize. As our exposure to Transactions is not segregated between clients or Transactions, this is relevant for all our clients and all our Transactions.

To the extent we do hedge some or all of our exposure to you and our other clients through Hedge Transactions, we will do so in a principle capacity and not as your agent. That is, your contractual relationship will continue to be with us only, and you will have no rights of recourse to a Platform Counterparty, or to any other person.

Nevertheless, together with our other clients, you take an indirect credit risk on each Platform Counterparty to the extent we enter into Hedge Transactions with them. This is because, if a Platform Counterparty becomes insolvent, it may not be able to meet some or all of its obligations to us under the Hedge Transactions we have with it. Depending on the nature and extent of those obligations, the insolvency of the Platform Counterparty may, in turn, cause us to be unable to meet some or all of our obligations to you and our other clients.

We give no assurance as to the ongoing solvency of any Platform Counterparty.

4.7 How does my choice of Trading Platform affect the fees and costs I am charged?

The fees and costs you are charged may differ depending on your choice of Trading Platform.

This is because the fees and costs we charge you reflect the fees that we are charged under the Hedge Transaction and/or in the case of Transactions entered into through the Halifax Pro or Halifax Plus Trading Platforms, compensation for any exposure we decide not to hedge (plus various spreads or margins we apply for our profit). The fees and costs charged in respect of each Trading Platform are described in sections 16 to 19 and Schedules A and B.

> There can be considerable differences in the fees charged in respect of each Trading Platform, so it is very important that you understand the various fee options so that you can choose which Trading Platform best suits your needs.

5. Regulatory benchmarks

ASIC has developed seven disclosure benchmarks for OTC derivatives that help retail investors understand the risks associated with CFDs and FX products, assess their potential risks and decide whether any investment in CFDs and FX products is suitable for them. These requirements are contained in ASIC Regulatory Guide 227 (**RG227**).

Our compliance with each benchmark is addressed in the table which follows.

Benchmark Description	Explanation
5.1 Benchmark 1: Client qualification	
An issuer should maintain and apply a written client qualification policy that: (a) sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before the issuer will agree to open a new account on their behalf; (b) outlines the processes the issuer has in place to ensure that prospective investors who do not meet the qualification criteria are not able to open an account and trade in CFDs; and (c) requires the issuer to keep written records of client assessments.	Trading in CFDs and FX products is not suitable for all investors because of the significant risks involved. We do not provide clients with personal advice about whether CFDs and FX products are appropriate for them. However, we maintain and apply a client qualification policy to help us assess whether prospective clients have a sound understanding of the features and risks of such products. Our policy requires us to assess prospective clients against minimum qualification criteria for this purpose. Our assessment involves administering a client suitability test which includes questions designed to inform us about such matters as a prospective client's: ▪ previous trading experience in financial products generally, and CFDs and/or FX products in particular; ▪ understanding of leverage, margins and volatility; ▪ understanding of the key features of CFDs and/or FX products; ▪ understanding the trading process and relevant technology associated with the Trading Platforms; ▪ ability to monitor and manage the risks of trading; and ▪ understanding that only risk capital should be traded. We then assess test answers against a grading scheme to determine whether the minimum qualification threshold is met. Currently, our policy requires us to maintain a written record of our assessment of you for the duration of the period you have an Account and for at least seven years thereafter. Our practice differs from the benchmark in that we may permit you to open an Account before we complete our assessment. However, you will

Benchmark Description	Explanation
	not be able to enter into any Transactions through your Account until we complete our assessment and, through it, you demonstrate to us that you satisfy the minimum qualification criteria. See page (i) for more information.
5.2 Benchmark 2: Opening collateral	
An issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an account to trade in CFDs. If credit cards are used to open accounts, an issuer should accept no more than $1,000 via credit card to fund the account.	We only permit clients to open an Account and commence trading with cleared funds deposited into the bank account we nominate. Typically, this will require you to make a cash deposit or electronic fund transfer into a clients' trust account nominated by us or to authorise us to charge an amount to a credit card (but only to certain amounts on credit card). We may accept bank and other cheque deposits but will require clearance of funds before trading can commence. Our practice differs from the benchmark in that we may decide to accept an authorisation to charge more than A$1,000 (or foreign currency equivalent) to a credit card. This is because we have a process in place to address the suitability of credit card deposits as opening collateral. We utilise a tiered range of internal limits established with our payment processor, based on an individual client's annual income, and accordingly may accept higher amounts as an initial deposit depending on the size of your annual income. If you are considering funding Account collateral with borrowed funds (including by charging a credit card), you should consider how you will fund their repayment and any financing charges, particularly if you suffer trading losses. Along with all investors in CFDs and FX products, you should also consider whether you will have access to sufficient financial resources to fund Margin Requirements at all times. We will only act on funds that have cleared, so we recommend that you maintain sufficient Margin in your Account at all times to maintain your open positions. No financial products or other assets will be accepted as collateral to open an Account, although we may accept certain financial products as collateral to meet Margin Requirements in special agreed circumstances. Trading in OTC derivative products carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and you can incur losses in excess of the capital you have invested. Accordingly, you should only trade with risk capital i.e. money you can afford to lose, and which is excess to your financial needs / obligations. See sections 10 and 11 for more information.
5.3 Benchmark 3: Counterparty risk – Hedging	
An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions, which: (a) includes the factors it takes into account when determining if hedging	We maintain and apply a market risk policy the purposes of which include to: ▪ manage our exposure to market risk from the Transactions we enter into with our clients, including by determining whether, and the extent to which, we enter into Hedge Transactions with Platform Counterparties; and

<table>
<tr><th>Benchmark Description</th><th>Explanation</th></tr>
<tr><td>counterparties are of sufficient financial standing; and

(b) sets out the names of those hedging counterparties (as they stand from time to time).

Policies should be displayed in an up-to-date form on the issuer’s website.</td><td>▪ initially assess and thereafter monitor Platform Counterparties by applying risk assessment criteria to determine that they are of sufficient financial standing, are licensed by a comparable regulator and are of sound reputation.

Our market risk policy is a component of our financial risk management strategy.

Where the policy requires that we hedge 100% of our exposure to a Transaction (by entering into an equivalent Hedge Transaction), it is likely that we will elect not to accept an order if we cannot enter into an equivalent cost-effective Hedge Transaction. Also, we may elect to decline an order (or Close Out an open position) if we have concerns about the creditworthiness or good standing of the relevant Platform Counterparty. It is important to note that these are just two examples of when we may elect not to accept an order or to Close Out an open position – we may take these actions, in our absolute discretion, for any other reason.

Where the policy permits us to take on market risk to facilitate prompt execution of Transactions, we may agree to enter into a Transaction ahead of entering into an equivalent Hedge Transaction. From time to time, this is likely to result in us maintaining exposures beyond the short-term because we have not been able to enter into a cost-effective equivalent Hedge Transaction.

In other cases, we may decide to not enter into an equivalent Hedge Transaction at all or to enter into one for less than 100% of our exposure to the Transaction. The policy permits us to do this, within set exposure limits, if:

▪ as a result of our clients’ overall market positions, we determine that we have a natural hedge for our exposure to certain Transactions; or

▪ otherwise, within conservative exposure limits based on our clients’ overall market positions and their historical trading patterns.

The policy prohibits us from taking proprietary positions based on expected movements in the value of Underlying Products.

The policy includes methodology for setting exposure limits that reflect a conservative risk appetite, the extent of our financial resources, the nature and extent of any other financial risks we are exposed to, and the expected liquidity and volatility of Underlying Products (and equivalent financial products). The policy requires real-time monitoring of our exposures against these limits and sets out the steps that are required to be taken if they are exceeded.

You have no rights of recourse against a Platform Counterparty in respect of any Transaction you enter into because we transact with each Platform Counterparty in respect of our Hedge Transactions solely as principal and not as your agent. However, you still take indirect credit risk on the Platform Counterparties (in connection with you taking credit risk on us). This is because, if a Platform Counterparty becomes insolvent, it may not be able to meet some or all of its obligations to us under the Hedge Transactions we have with it. Depending on the nature and extent of those obligations, the insolvency of the Platform Counterparty may, in</td></tr>
</table>

Benchmark Description	Explanation
	turn, cause us to be unable to meet some or all of our obligations to you and our other clients. The relevant Platform Counterparty for each Trading Platform, as at the date of this PDS, is set out in section 13. Any changes will be disclosed in our market risk policy, a copy of which is available from our website.
5.4 Benchmark 4: Counterparty risk – Financial resources	
An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer: (a) monitors its compliance with its Australian financial services (AFS) licence financial requirements; and (b) conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.	We maintain and apply a financial adequacy policy to ensure the ongoing maintenance of adequate financial resources. The policy reflects the financial requirements imposed on us as conditions under our AFSL. As a retail OTC derivative issuer and AFSL holder, these requirements include: ▪ base level financial requirements of solvency and positive net assets; ▪ tailored cash needs requirements involving quarterly rolling cash flow projections of our anticipated cash flow expenses and NTA requirements; ▪ tailored audit reporting requirements; and ▪ NTA requirements which require that we maintain net tangible assets of $1 million or 10% of our average revenue (whichever is greater) at all times and comply with reporting triggers if our net tangible assets fall below 110% of this amount. Pursuant to the policy, we have in place a system for monitoring our compliance with these requirements. The monitoring system involves: ▪ real-time monitoring of, and daily reporting on, our market exposures; ▪ weekly reconciliation of, and reporting on, all trading activities; ▪ monthly review of, and reporting on, all trading activities by an external advisor as part of its preparation of monthly management accounts; ▪ quarterly review of cash flow projections in conjunction with an external advisor; ▪ quarterly stress testing of our market exposures, the purpose of which is to ensure that, if there was a significant adverse market movement to which we had exposure, we would continue to have sufficient liquid resources to meet our obligations to clients; and ▪ annual financial and compliance reporting and the external audit of those reports. A copy of our most recent audited financial statements is available from our website.
5.5 Benchmark 5: Client money	
An issuer should maintain and apply a clear policy on its use of client money, including whether	We have a defined clients' money policy which requires all money to which the Clients' Money Rules apply to be paid into, and held in, one or more clients' trust accounts maintained by us in Australia with a bank or other

Benchmark Description	Explanation
it uses money deposited by one investor to meet the margin or settlement requirements of another.	approved financial institution in accordance with the requirements under the Corporations Act. Unless we advise you otherwise in writing, we will retain all interest earned on funds standing to the credit of our clients' trust accounts. Refer to section 21.1 for an explanation of when we may withdraw clients' money from a clients' trust account. We may not make withdrawals for our own purposes, such as funding Hedging Transactions. Although funds standing to the credit of our clients' trust accounts will not be available to pay our general creditors, our insolvency may nevertheless expose you to some counterparty risk with respect to your money (i.e. you may not receive all of your money back). The purpose of clients' trust accounts is to segregate our clients' money, including your money, from our own funds. However, your money will be co-mingled with our other clients' money into one or more segregated Client accounts. Segregation may not protect your money from a default in a clients' trust account. Should there be a deficit in a clients' segregated trust account, you will be an unsecured creditor in relation to the balance of the moneys owing to you. See section 21 for more information.
5.6 Benchmark 6: Suspended or halted underlying assets	
An issuer should not allow new CFD positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended, in accordance with the rules of the relevant market.	An Underlying Security may be placed in a trading halt on the relevant exchange in various circumstances. Additionally, the issuer of the Underlying Security may be suspended or delisted in certain circumstances. We will not enter into a Transaction with you if the Underlying Security is subject to trading halt or suspension or the issuer of the Underlying Security has been delisted – your order will remain pending until such time as trading in the Underlying Product resumes. However, we may in our discretion cancel the order. You should also note that we may, in our discretion, Close Out a Transaction if the Underlying Security becomes the subject of a trading halt or suspension or the issuer of the Underlying Product is delisted. Alternatively, we may, in our discretion, increase the Margin Requirements or re-price the Transaction.
5.7 Benchmark 7: Margin calls	
An issuer should maintain and apply a written policy about its margining practices, which details:	We maintain and apply a policy detailing our margining practices. This details our rights to make Margin Calls and closing out of positions when such calls are not met in a timely manner, and what factors we consider when exercising such Close-Out rights.
(a) how the issuer will monitor client accounts, to ensure that it receives early notice of accounts likely to enter into margin call;	Clients are required to monitor all open positions themselves on a real-time basis intraday, to ensure changing Margin Requirements are identified and actioned in a timely manner. Certain market conditions or events may trigger extreme volatility, requiring urgent funds to be applied to retain your open positions.

Benchmark Description	Explanation
(b) what rights the issuer may exercise in relation to client accounts, including the right to make a margin call or close out positions; and (c) when the issuer will exercise these rights, and what factors it will take into account in deciding whether to do so. Regardless of the issuer's other margining practices, the policy should require the issuer to take reasonable steps to notify investors before closing out positions. By 'reasonable steps' we mean giving notice to investors, according to a pre-agreed method (e.g. telephone message, email, SMS), that a position will shortly be closed out. If an issuer has a default method of communication, rather than agreeing this with each investor, this should be clearly explained in the PDS.	If we decide to make a Margin Call, we will generally do so through 'pop-up' screens or screen alerts on the Trading Platform. You will only have access to these when you are logged-on to the relevant Trading Platform. Our practice may differ from the benchmark in that we do not warrant that we will make a Margin Call before Closing Out an open position or that any steps we take to communicate a Margin Call will be reasonable – it is your responsibility to monitor your Account for changing Margin Requirements. We have adopted this practice because you have direct access to your Trading Platforms from which you can monitor your Account. If you are unable to access a Trading Platform through which you have open positions for any reason, you should contact us urgently to discuss the matter. If your inability to access a Trading Platform is likely to persist, you should consider instructing us to Close Out your open positions. We do not accept any responsibility for your inability to access a Trading Platform.

6. Key features – CFDs

6.1 What is a CFD?

A CFD offered by us is a financial product in the form of an agreement between you and us to trade the difference arising from movements in the price, value or level of an Underlying Product.

A CFD broadly replicates:

- the price movement of an Underlying Security (in the case of Share CFDs);
- the change in level of an Underlying Index (in the case of Index CFDs); or
- the movement of the price, value or level of an Underlying Commodity, Underlying Bond or Underlying Interest Rate (in the case of Expiring CFDs).

That is, if the price, value or level of the Underlying Product changes, so will the value of the CFD.

CFDs are OTC derivative products with us acting as counterparty (and principal) in our dealings with you. It is a transaction between you and us and can only be entered into with us and Closed Out with us. It is not possible to Close Out the CFD with any other party.

Unlike contracts traded on an exchange, our CFDs are not standardised. The terms of a CFD are individually tailored to the particular requirements of the parties involved in the contract i.e. us and the client.

As a party to a CFD Transaction, you can be paid an amount of money (profit), or be required to pay an amount of money (loss) arising from movements in the price, value or level of the Underlying Product. When a CFD Transaction is Closed Out your Account will be either credited or debited with the net profit or loss on the transaction.

Trading CFDs does not result in the ownership by you of any actual Underlying Product and you will have none of the rights of an owner in the Underlying Product.

This is unlike trading in, say an Underlying Security, where you acquire a beneficial interest in the actual security. As the holder of a Share CFD, you do not have a beneficial interest in the Underlying Security and you have none of the rights of a shareholder, such as voting rights. You are also not entitled to dividends or other distributions which may be paid in respect of the Underlying Security. However, certain cash adjustments may be made to your Account (see sections 6.8 and 6.9 for more information).

CFDs are subject to Margin Requirements and marked to market on a daily basis (see section 11 for more information).

CFDs generally do not have an expiry date (unless the Underlying Product itself has an expiry date i.e. Expiring CFDs), and will remain in place until either you or we, in our discretion, Close Out the open position.

Expiring CFDs will be Closed Out on the expiry date for the Underlying Product unless Closed Out by you or us prior to that date.

6.2 Types of CFDs

We offer Share CFDs, Index CFDs and Expiring CFDs. However, in respect of Share CFDs, we do not currently offer them on new Accounts but may elect to do so in the future.

Share CFDs

Share CFDs derive their price from the real time fluctuations of the price of the Underlying Security on the financial market on which it is traded.

Prices are only quoted for Share CFDs, and Share CFDs can only be traded, during the open market hours of the relevant financial market. Details of the open hours of the relevant financial market are available by viewing its website (see section 6.7 for details).

We might choose not to quote a price on a CFD over a particular Underlying Security, for example if:

- trading in the Underlying Security is illiquid or in suspension (see section 10 for information on potential external disruptions); or
- the entity that issues the Underlying Securities is being wound up or in external administration.

Share CFDs allow you to receive many of the benefits of owning the relevant Underlying Security without physically owning it (excluding franking credits, i.e. you will not get the benefit of any franking credits on dividends paid on the Underlying Securities). See section 9 for more information on the potential benefits of trading in CFDs.

We do not offer CFDs over all listed Australian and global stocks. Through each Trading Platform we offer CFDs over different Underlying Securities. For more information on which Share CFDs you can trade with us, download a demonstration Trading Platform from our website or contact us.

The 'notional' or 'contract value' for a Share CFD is based on the price of the Underlying Security. For example, if you buy 1,000 Share CFDs and the price of the Underlying Security was quoted as 25.70/25.71 then the notional or contract value for your Share CFDs would be $25,710 (being 25.71 x 1,000).

Index CFDs

Index CFDs derive their price or value from the fluctuations in the level of the relevant Underlying Index as calculated by the relevant Index sponsor, or by us.

Generally, Index CFDs can only be traded during the open market hours of the relevant exchange to which the Underlying Index relates, or while real time index levels are quoted by the sponsor of the Underlying Index.

Index CFDs allow you to trade on broad markets rather than individual shares or commodities.

The 'notional' or contract value for Index CFDs is determined by the number of units per index point of the Underlying Index. For example, if the level of the S&P/ASX 200 is 5000 then trading 10 Index CFDs would mean the notional or contract value of the trade was $50,000. You will need to check with the relevant Trading Platform for the notional or contract value of the instrument that you are trading.

S&P 500 Index	www.cmegroup.com
NASDAQ – 100 Index	www.nasdaq.com
Dow Jones Industrial Average	www.cmegroup.com
FTSE 100 Index	www.theice.com/futures_europe
DAX	www.eurexchange.com/exchange-en
CAC 40	www.euronext.com
Euro STOXX 50	www.eurexchange.com/exchange-en
Swiss Market Index	www.eurexchange.com/exchange-en
S&P/ASX 200 Index	www.asx.com.au
Nikkei 225	www.cmegroup.com
OMX Stockholm 30	www.nasdaqomxnordic.com/indexes
IBEX 35	www.meff.es
OMX Copenhagen 20	www.nasdaqomxnordic.com
FTSE MIB	www.borsaitaliana.it/homepage/homepage.en
MDAX	www.eurexchange.com/exchange-en
AEX index	www.euronext.com

Expiring CFDs

Expiring CFDs derive their price, value or level from fluctuations in the price, value or level of futures over the relevant Underlying Commodity, Underlying Bond or Underlying Interest Rate as calculated by us. We will generally calculate the price, value or level of the Underlying Product for an Expiring CFD by reference to publicly available Pricing Sources, as published on the relevant Trading Platform. However, we reserve the right to use different Price Sources for any Expiring CFD.

Although the Underlying Commodity, Underlying Bond or Underlying Interest Rate for which the CFD is based may trade over specific trading times, we reserve the right to reduce or extend the trading times at our discretion.

The Underlying Commodities, Underlying Bonds or Underlying Interest Rates on which you can enter into an Expiring CFD will differ depending on which Trading Platform you use. You should review the online Trading Platform for a list of potential Underlying Commodities, Underlying Bonds or Underlying Interest Rates for Expiring CFDs.

6.3 Quotes

A CFD quote represents the bid/ask spread for the Underlying Product. E.g. where one ANZ share is the Underlying Product, the CFD may be quoted as '33.70/33.71'. This quote means that you can:

(a) 'buy' the CFD (i.e. enter into a long CFD) at 33.71; and/or

(b) 'sell' the CFD (i.e. enter into a short CFD) at 33.70.

The same quoting process applies in the case of Index CFDs and Expiring CFDs.

There are two models or ways of trading CFDs:

- the Direct Market Access ('DMA') model; and
- the Market Made model.

You can elect to use either model. New clients that do not have a preference will be provided access to the Market Made model.

DMA model

Under the DMA model all CFD quotes will be the same as the price or value of the Underlying Product on the relevant financial market i.e. we will not apply any spread to prices or values of CFDs. The spread is the difference between the bid price and the offer price. For example, if BHP is quoted on the ASX as 34.20/34.22, then the price we will quote for a BHP Share CFD using the DMA model will be the same i.e. 34.20/34.22.

Market Made model

Under the Market Made model all CFD quotes we make are with direct reference to the price or value of the Underlying Product on the relevant financial market but we apply an additional spread to prices or values of CFDs. For example, if BHP is quoted on the ASX as 34.20/34.22, then the price we will generally quote for a BHP Share CFD using the Market Made model could be, for instance, 34.19/34.23. The level of this spread is set by us at our discretion.

Fundamental difference between DMA and Market Made models

We earn income from the CFDs you trade and other factors, including the length of time you hold your CFD positions. The fundamental difference between DMA and Market Made models is that under the Market Made model, additional commissions and fees are charged. All other features of CFDs, including the benefits and the associated risks are the same under each model.

Using the Market Made model, the commission is generally the same as the DMA model plus an additional amount of up to 0.05% of the contract value of the CFD.

The result is that, in most cases, you may pay more in commission using the Market Made model than if you were to trade via the DMA model (see section 17.1 for more information about commissions).

There are a number of additional costs incurred when CFDs are entered into or Closed Out, as described in section 17 and Schedules A and B.

6.4 You can take both long and short positions

You can take both 'long' and 'short' CFD positions. If you take a long position (i.e. you 'purchase' CFDs), you profit from a rise in the price, value or level of the Underlying Product, and you lose if the price, value or level of the Underlying Product falls. Conversely, if you take a short position (i.e. you 'sell' CFDs), you profit from a fall in the price, value or level of the Underlying Product, and you lose if the price, value or level of the Underlying Product rises.

As well as Share CFDs, you can also enter into CFDs on many market indices which are referred to as Index CFDs. The same principles apply – you will go 'short' if you think the market index is going to fall, or go 'long' if you think the market index is going to rise. This can be useful if you want exposure to a specific market rather than individual securities.

In addition, you can also enter into CFDs over futures on many traded physical commodities, bonds and interest rates, which are referred to as Expiring CFDs. The same principles apply – you will go 'short' if you think the price, value or level of the Underlying Commodity, Underlying Bond or Underlying Interest Rate is going to fall, or go 'long' if you think the price, value or level of the Underlying Commodity, Underlying Bond or Underlying Interest Rate is going to rise.

See sections 11 and 12 for more information about Margin Requirements.

6.5 Calculating profits and/or losses

The amount of any gross profit or loss made on a CFD Transaction will be equal to the difference between the price, value or level of the CFD's Underlying Product when the CFD is opened and the price, value or level of the CFD's Underlying Product when the CFD is Closed Out, multiplied by the number of the CFDs held. We determine the price, value or level of the Underlying Product for a CFD by reference to the relevant Pricing Source. The indicative price, value or level for an Underlying Product at which you can enter into or Close Out a CFD over that Underlying Product is available on your Trading Platform.

The calculation of profit or loss is also affected by other adjustments, including relating to:

- dividends declared on the Underlying Security for a Share CFD;
- commissions deducted from your Account;
- interest charges where you hold a CFD overnight;
- FX spreads applied in respect of CFD Transactions over Underlying Products denominated in a currency other than the currency in which your Account is denominated and/or;
- any other costs or charges applied to your Account.

See sections 16 and 17 and Schedules A and B for more information about costs and charges relating to CFDs.

Example 1 – Assume:

- you purchase 1,000 Share CFDs (i.e. you enter into a 'long' CFD) where the Underlying Security is an ANZ share and the price at which you enter into the CFD is $32.71; and
- you later Close Out the CFD by 'selling' (or entering into a 'short' CFD) at a higher price of $33.31.

The resulting gross profit on the Transaction would be $600 being sale price ($33.31) less buy price ($32.71) x 1,000.

Example 2 – Assume:

- you purchase 1,000 Share CFDs (i.e. you enter into a 'long' CFD) where the Underlying Security is an ANZ share and the price at which you enter into the CFD is $32.71; and
- you later Close Out the CFD by 'selling' (or entering into a 'short' CFD) at a lower price of $32.01.

The resulting gross loss on the Transaction would be $700 being sale price ($32.01) less buy price ($32.71) x 1,000.

In each example, the net profit or loss is determined after adding commissions, funding charges, transaction costs and any other charges.

The impact of these costs on the net profit or loss realised is dependent on many factors and, in particular, the length of time the open position was held as the funding charge is applied daily (see sections 16 and 17 for more information about our costs and charges and also see the various trading examples on our website).

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual prices, rates, fees or spreads which might be offered.

6.6 Realised and unrealised profits and losses

Profits and/or losses are realised if both the buy and the sell side of the Transaction have been completed and have been matched against each other or Closed Out. Profits and/or losses are unrealised if only one side of the Transaction has been completed i.e. it remains an open position.

If you do not instruct us (through your Trading Platform) to match selected trades against previous opposite trades then your Trading Platform will default to matching trades on a First In First Out ('FIFO') basis. This may result in additional interest being generated whilst awaiting settlement (as opposed to being matched and Closed Out immediately where no additional interest will be incurred).

For a worked example of how an open position is Closed Out we refer you to the trading examples on our website. Alternatively, please contact one of our representatives to assist you in understanding the importance of and how to match and Close Out trades.

6.7 Relevant exchanges and associated websites

The Underlying Securities upon which Share CFDs we offer are based are listed on the following exchanges. We also provide details of each exchange website for your reference and information. You can find information about each Underlying Security over which you can enter into a Share CFD through the website for the exchange on which it trades, including historical trading price information, dividends or distributions and disclosures made by the issuing entity.

Region	Exchange Name	Exchange web site
North America	American Stock Exchange (AMEX)	www.amex.com
	NASDAQ Global Markets (NASDAQ NM)	www.nasdaq.com
	NASDAQ Capital Market (NASDAQ SC)	www.nasdaq.com
	New York Stock Exchange (NYSE)	www.nyse.com
	NYSE ARCA (NYSE_Arca)	www.nyse.com

Region	Exchange Name	Exchange web site
Europe	Athens Stock Exchange (ASE)	www.ase.gr
	Euronext Amsterdam (AMS)	www.euronext.com
	Euronext Brussels (BRU)	www.euronext.com
	Euronext Lisbon (LISB)	www.euronext.com
	Euronext Paris (PAR)	www.euronext.com
	Frankfurt Stock Exchange – Xetra (FSE)	www.deutsche-boerse.com
	London Stock Exchange (LSE)	www.londonstockexchange.com
	Milano Stock Exchange (MIL)	www.borsaitaliana.it
	OMX Copenhagen (CSE)	www.omxnordicexchange.com
	OMX Helsinki (HSE)	www.omxnordicexchange.com
	OMX Stockholm (SSE)	www.omxnordicexchange.com
	Oslo Stock Exchange (OSE)	www.oslobors.no
	Spanish Stock Market Interconnection System	www.sbolsas.es
	Swiss Exchange (SWX)	www.six-swiss-exchange.com
	Vienna Stock Exchange (VIE)	www.wienerborse.at/en/
	Warsaw Stock Exchange (WSE)	www.gpw.pl
Asia Pacific	Australian Securities Exchange (ASX)	www.asx.com.au
	Hong Kong Stock Exchange (HKEX)	www.hkex.comm.hk
	Singapore Exchange Securities Trading Limited (SGX-ST)	www.ses.com.sg
	Tokyo Stock Exchange (TYO)	www.jpx.co.jp/english/

6.8 Share CFDs – adjustments

Dividends

If you have an open long (bought) Share CFD, we will credit your Account with an amount equal to any dividend on the relevant number of the CFD's Underlying Securities on the business day after the ex-dividend date. You are not entitled to any dividend imputation credits (i.e. franking credits). Conversely, if you hold an open short (sold) Share CFD, your Account will be debited an amount equal to the amount of the dividend on the CFD's Underlying Securities on the ex-dividend date.

Corporate actions

If a corporate action occurs with respect to the issuer of the Underlying Security for an open Share CFD, we have broad discretions to make adjustments to your CFD terms. For example, an adjustment will ordinarily be made for subdivisions, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues and other similar events.

We may also elect to vary or Close Out a CFD, if the Underlying Security is the subject of a takeover offer, prior to the closing date of the offer.

6.9 Other adjustments

Under the Client Services Agreement, we have the right to decide to make an adjustment in a number of circumstances if we consider an adjustment is appropriate. We have a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the event giving rise to the need for the adjustment not occurred. We may elect to vary or Close Out a position if an adjustment event occurs. For example, if the sponsor of an Underlying Index (in the case of an Index CFD) ceases to publish the index.

7. Key features – Margin FX

Margin FX are a speculative investment and involve a high degree of risk. They are not suitable for all investors. You should not transact in Margin FX unless you are experienced in derivatives, leveraged products and foreign exchange contracts, and you understand the risks of transacting in Margin FX. You are responsible for the selection of the Currency Pair or Metal Pair for each Transaction. The performance of a Margin FX Transaction will depend on movements in the Exchange Rate for the Currency Pair or Metal Pair you select and on your trading strategy. The value of a Margin FX can change rapidly and by significant amounts at any time.

7.1 What is a Margin FX product?

A Margin FX product offered by us is a financial product in the form of an agreement between you and us to trade the difference arising from movements in the level of an Underlying Exchange Rate.

7.2 Differences between FX Transactions and Metal Transactions

Margin FX Transactions can be either FX Transactions or Metal Transactions.

FX Transactions

FX Transactions are derivative products on which you can make a profit or incur a loss if the value of one currency appreciates or depreciates (depending on the direction of the trade) when compared against another currency, without having to transact in the actual currencies.

FX Transactions are available in most widely traded currencies.

In order to enter into an FX Transaction, you must select two currencies (called a **Currency Pair**).

The Underlying Product for an FX Transaction is the Exchange Rate of the Currency Pair (called the **Underlying Exchange Rate**). For example, AUD/USD is the Exchange Rate of the Australian dollar in terms of the US dollar. If the AUD/USD is 0.9500, this means that one Australian dollar can be exchanged for 95 US cents.

All FX quotations are made up of two currencies: the 'Base Currency' and the 'Terms Currency'. The Base Currency is the first currency in a Currency Pair and the Terms Currency is the second currency in a Currency Pair. So, for an FX Transaction where the Underlying Exchange Rate is AUD/USD, AUD is the Base Currency and USD is the Terms Currency.

Unlike exchange-traded contracts, OTC contracts are not standardised. The terms of an FX Transaction are individually tailored to the particular requirements of the parties involved in the contract i.e. us and the client.

The terms involved in the negotiation of FX Transactions are:

(a) the Currency Pair;

(b) the amount of the Base Currency to which the Transaction relates (called the 'Notional Value');

(c) the Exchange Rate at which such currencies are to be exchanged; and

(d) the Value Date for the Transaction (see section 7.8).

FX Transactions are OTC derivative products with us acting as counterparty (and principal) in our dealings with you. It is a transaction between you and us and can only be entered into with us and Closed Out with us. It is not possible to Close Out the FX Transactions with any other party.

FX Transactions are subject to Margin Requirements and marked to market on at least a daily basis (see section 11 for more information).

Metal Transactions

Metal Transactions are the same as FX Transactions, except that:

- Under Metal Transactions you make a profit or incur a loss if the value of a precious metal appreciates or depreciates (depending on the direction of the trade) when compared against a currency or other precious metal (as compared to two currencies under FX Transactions).
- In order to enter into a Metal Transaction, you must select the relevant precious metals or precious metal and currency (called a Metal Pair). The only precious metals that are available to form part of the Metal Pair are gold and silver and are always considered the

Base Currency. However, most widely traded currencies are available to make up the Terms Currency of the Metal Pair along with the other precious metal. For example, if the Underlying Exchange Rate for a Metal Transaction is XAU/USD which is spot gold in terms of US dollar, then spot gold is the Base Currency and US dollars are the Terms Currency.

- The Underlying Exchange Rate for Metal Transactions is the price of the precious metal in the Metal Pair in terms of the specified currency or other precious metal in the Metal Pair. For example, XAU/USD is the Exchange Rate of spot gold in terms of US dollars. If the XAU/USD is 1300.00, this means that one ounce of gold can be exchanged for US$1,300.

7.3 Quotes

A quote for a Margin FX represents the bid/ask spread for the Underlying Exchange Rate. For example, for a Margin FX Transaction where the Underlying Exchange Rate is the Exchange Rate for AUD/USD, the Margin FX may be quoted as '0.9200/0.9203'.

This quote means that you can:

(a) 'buy' the Margin FX (i.e. enter into a long Margin FX position) at 0.9203; and/or

(b) 'sell' the Margin FX (i.e. enter into a short Margin FX position) at 0.9200.

The spread incorporated in the quote may include our commissions, as described in section 18.

There are a number of additional costs that may be incurred when Margin FX are entered into or Closed Out. These additional costs as described in sections 16 and 18 and Schedules A and B.

7.4 You can take both long and short positions

Of the two currencies that make up the Currency Pair (for FX Transactions) or the precious metal(s) and/or the currency that make up the Metal Pair (for Metal Transactions), you must select the currency or precious metal that you think will appreciate relative to the other (referred to as the 'Long Currency') and the currency or metal you think will depreciate relative to the other (referred to as the 'Short Currency'). If the value of the Long Currency appreciates relative to the value of the Short Currency then the value of that Transaction will increase and you may profit. If the value of the Short Currency appreciates relative to the value of the Long Currency then the value of the Transaction will decrease and you will make a loss.

7.5 Points or pips

As noted in section 7.3, FX Transactions are quoted in terms of the bid/ask spread for the Underlying Exchange Rate. It is arbitrary how many decimal places are used in an Exchange Rate quotation. The last decimal place to which a particular Exchange Rate is usually quoted is referred to as a 'point' or 'pip'. For example:

- in the quotation USD 1 = AUD 0.7050, one point or one pip means AUD 0.0001; and
- in the quotation USD 1 = JPY 102.50, one point or one pip means JPY 0.01.

Of note, all points (or pips) are not of equal value.

7.6 Calculating profits and/or losses

The gross profits or losses on a Margin FX Transaction are calculated by:

(a) calculating the Notional Value of the Transaction in the Base Currency multiplied by the Exchange Rate at which the Transaction is entered into – this gives an amount expressed in the Terms Currency (**Opening Value**);

(b) calculating the Notional Value of the Transaction in the Base Currency multiplied by the Exchange Rate at which the Transaction is Closed Out – this gives an amount expressed in the Terms Currency (**Closing Value**); and

(c) then calculating the difference between the Closing Value and the Opening Value (expressed in the Terms Currency).

The difference between the two amounts will be either the gross profit (if the Long Currency appreciates relative to the Short Currency) or loss (if the Long Currency depreciates relative to the Short Currency) on the trade. The gross profit or loss will then be converted by us from the Terms Currency into the Account Currency (unless the Terms Currency is your Account Currency). The Account Currency is the currency in which your Trading Account is denominated, as nominated by you and accepted by us (or, in the absence of a nomination, Australian dollars).

If the Underlying Exchange Rate moves in your favour (i.e. your Long Currency appreciates relative to your Short Currency) the amount determined by this formula will be greater than zero and we will credit this amount (less any fees, charges and spreads as explained in section [18]) to your

Account. By contrast, if the Underlying Exchange Rate moves against you (i.e. your Short Currency appreciated relative to your Long Currency) the amount determined by this formula will be less than zero and we will debit that amount (as well as any fees, charges and spreads as explained in section [18]) from your Account.

The calculation of profit or loss is also affected by other adjustments, including:

- rollover charges where the Margin FX Transaction remains open overnight;
- conversion fees; and
- any other costs or charges applied to your Account as set out in section [18].

Note that adjustments are not made for commissions because they are built into the Exchange Rate spread).

For more information on costs and charges refer to sections 16 and 18 and Schedules A and B.

Example 1 – Assume:

- your Account Currency is AUD and you enter into a Margin FX Transaction by purchasing 100,000 AUD/USD (i.e. you enter into a 'long' FX Transaction where Australian dollars are your Long Currency and US dollars are your Short Currency) and the Exchange Rate at which you enter into the Transaction is 0.9200; and
- later that day you Close Out the Margin FX Transaction by 'selling' (or entering into a 'short' FX Transaction, i.e. where AUD is your Short Currency) at a higher exchange rate of 0.9250.

The resulting gross profit on the Transaction would be US$500 being sale price (0.9250) less buy price (0.9200) x 100,000.

Example 2 – Assume:

- your Account Currency is AUD and you enter into a Margin FX Transaction by purchasing 100,000 AUD/USD (i.e. you enter into a 'long' FX Transaction where Australian dollars are your Long Currency and US dollars are your Short Currency) and the Exchange Rate at which you enter into the Transaction is 0.9200; and
- later that day you Close Out the Margin FX Transaction by 'selling' (or entering into a 'short' FX Transaction, i.e. where AUD is your Short Currency) at a lower exchange rate of 0.9150.

The resulting gross loss on the Transaction would be US$500 being sale price (0.9150) less buy price (0.9200) x 100,000.

Example 3 – Assume:

- your Account Currency is AUD and you enter into a Margin FX Transaction by purchasing 10 XAU/USD (i.e. you enter into a 'long' FX Transaction where spot gold is your Base Currency and US dollars are your Terms Currency) and the Exchange Rate at which you enter into the Transaction is 1350.00; and
- later that day you Close Out the Margin FX Transaction by 'selling' (or entering into a 'short' Metal Transaction, i.e. where gold is your Short Currency) at a lower price of 1300.00.

The resulting gross loss of the Transaction would be US$500 being sale price (1350.00) less buy price (1300) x 10.

In each example, the net profit or loss is determined after deducting commissions (where applicable), Rollover charges, transaction costs and any other charges and is converted back to your Account Currency (see sections 16 and 18 and the trading examples on our website for more information about our costs and charges).

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual rates or prices which might be offered.

7.7 Realised and unrealised profits and losses

Profits and/or losses are realised if both the buy and the sell side of the Transaction have been completed and have been matched against each other or Closed Out. Profits and/or losses are unrealised if only one side of the Transaction has been completed (i.e. it remains an open position).

If you do not instruct us (through your Trading Platform) to match selected trades against previous opposite trades then your Trading Platform will default to matching trades on a First In First Out ('FIFO') basis. This may result in additional interest being generated whilst awaiting settlement (as opposed to being matched and Closed Out immediately where no additional interest will be incurred).

For a worked example of how an open position is Closed Out we refer you to the trading examples on our website. Alternatively, please contact one of our representatives to assist you in understanding the importance of and how to match and Close Out trades.

7.8 Value Dates

The Value Date for a Margin FX Transaction is the date on which parties agree to settle their respective obligations. It can affect the exchange rate at which the Transaction is entered into.

When you enter into a Margin FX Transaction with us, by default the Transaction will be a 'Spot Contract' however, you have the option to select that the Transaction be a 'FX Forward'. The difference between Spot Contracts and FX Forwards is that, in determining the Exchange Rate at which an FX Forward will be entered into or Closed Out, we will make an adjustment for Forward Points to reflect a deferred settlement for a corresponding foreign exchange transaction whereas no Forward Points adjustment is made in determining the Exchange Rates for Spot Contracts.

Spot Contracts

The Value Date for a Margin FX is standardised and non-negotiable. For most Spot Contracts, the Value Date will be two business days from the date on which the Spot Contract is entered into ('trade date') (T+2). There are some exceptions to this general rule, including where the Underlying Exchange Rate is US dollar against Canadian dollar (i.e. USD/CAD) which has a Value Date of one business day from the trade date (T+1).

FX Forwards

The Value Date for FX Forwards is not standardised and is negotiable. Typically, the Value Date will be somewhere between three business days and two years.

The Exchange Rate for FX Forwards (and, by extension, the Exchange Rate we will offer on an FX Forward) is adjusted by adding or subtracting 'Forward Points' to the spot exchange rate. For example, if we offer 92.00/92.03 for an AUD/USD Spot Transaction, we might offer 91.25/91.31 for an FX Forward with a Value Date that is one year after the date the Transaction is entered into.

This example is included for illustrative purposes only, and is not indicative of actual exchange rates that will be offered or Forward Points adjustments.

The adjustment of Forward Points may result in the Exchange Rate for the Transaction being either more favourable or less favourable to you than the Exchange Rate that would be offered for a corresponding Spot Contract. The primary factor that affects the Forward Points adjustment on an FX Forward is the difference between the interest rates applicable to the relevant Currency Pair (referred to as the 'interest rate differential'). Generally, if the interest rate for the Terms Currency is:

- lower than the interest rate for the Base Currency, the Forward Points adjustment will result in the Exchange Rate being lower than the Exchange Rate that would be offered for a corresponding Spot Contract – this is otherwise known as a points discount; and
- higher than the interest rate for the Base Currency, the Forward Points adjustment will result in the Exchange Rate being higher than the Exchange Rate that would be offered for a corresponding Spot Contract – this is otherwise known as a points premium.

Other factors that may affect the Forward Points adjustment are market exchange rates, volatility in the exchange rate, the amount and currency of the Transaction and the profit margin charged by us and any Hedge Counterparty. The Forward Points adjustment will often change over the course of an FX Forward (e.g. with changes to interest rates, or as the time to the Value Date decreases). All other factors being equal, the Forward Points adjustment will generally decrease as the time to the Value Date decreases.

8. Key features – FX Options

FX Option products are a speculative investment and involves a high degree of risk. They are not suitable for all investors. You should not transact in FX Option products unless you are experienced in derivatives, leveraged products and foreign exchange contracts, and you understand the risks of transacting in FX Options. You are responsible for the selection of the Currency Pair or Metal Pair for each Transaction. The performance of any an FX Option Transaction will depend on movements in the Exchange Rate of the Currency Pair or Metal Pair you select and on your trading strategy. The value of an FX Option Transaction can change rapidly and by significant amounts at any time.

The key features of an FX Option are as follows.

(a) *Call and Put Options:* An FX Option is either a Call Option or a Put Option. From the buyer's viewpoint, an FX Option that is:

(i) a Call Option gives the buyer the right, but not the obligation, to buy or enter long a Margin FX Transaction at the prescribed Exercise Rate in return for payment of a Premium; and

(ii) a Put Option gives the buyer the right, but not the obligation, to sell or enter short a Margin FX Transaction at the prescribed Exercise Rate in return for payment of a Premium.

From the seller's viewpoint, the seller has no right other than a right to the Premium. In return for the Premium, the seller accepts an obligation to sell or enter short (in the case of a Call Option) or to buy or enter long (in the case of a Put Option) a Margin FX Transaction at the Exercise Rate of the FX Option if the FX Option is validly exercised by the buyer.

(b) *Currency Pair or Metal Pair:* As with Margin FX Transactions, you must select the Currency Pair or Metal Pair for the Underlying Exchange Rate (see section 7.1 for more information).

(c) *Exercise Rate:* The Exercise Rate is the predetermined Exchange Rate at which the buyer and seller will enter into a Margin FX Transaction. There is potential to make a profit or incur a loss on the exercise of an FX Option because the Exercise Rate at the Expiry Date may be different to the then current market Exchange Rate for the Currency Pair or Metal Pair (see section 8.4 for more information).

(d) *Premium:* The price to be paid by the buyer and received by the seller in relation to an FX Option is the Premium. The Premium is negotiated between you and us and is payable at the time you enter into the FX Option. The Premium will be debited from your Account (if you buy an FX Option), or credited to your Account (if you sell an FX Option) (see section 8.5 for more information).

(e) *Contract amount:* There is a non-standardised (and generally negotiable) contract size for each FX Option. For most Currency Pairs or Metal Pairs, each FX Option will give the buyer the right to enter into a Margin FX Transaction with a standard Notional Value of 100,000 units of the Base Currency, with a minimum amount of 5,000 units for Currency Pairs and one ounce for Metal Pairs. For example, if the Currency Pair is AUD/USD then the standard contract size would be A$100,000.

(f) *Settlement method:* FX Options are required to have a settlement method: 'Cash Settled' or 'Spot Settled'. A Cash Settled FX Option is settled by making a Cash Settlement between the buyer and the seller on exercise, whereas a Spot Settled FX Option is settled by establishing a Margin FX Transaction between the buyer and the seller (see section 8.6 for more information).

(g) *Expiry Date:* Each FX Option we offer will have a set Expiry Date. Expiry Dates may vary from one day to two years. You may hold the FX Option up to Expiry Date which may or may not be exercised at the Exercise Rate at Expiry Date but may be Closed Out before expiry by Transacting in an opposing trade to the corresponding FX Option i.e. if you are long a Call Option, you would sell the corresponding Call Option to Close Out the position (see section 12.2 for more information).

(h) FX Options may be subject to Margin Requirements and are marked to market on at least a daily basis (see section 11 for more information).

8.2 Styles of Options

We only offer FX Options that are European Options. European Options can only be exercised by the buyer at the Expiry Date. A European Option cannot be exercised at any time prior to its Expiry Date.

8.3 Types of FX Options

There are two types of FX Options – Call Options and Put Options.

For both types of FX Options, the buyer of the FX Option pays a Premium in exchange for the right, but not the obligation, to enter into a Margin FX Transaction at the prescribed Exercise Rate. The difference between Call Options and Put Options is in the configuration of the Currency Pair or Metal Pair for the Margin FX that forms the Underlying Exchange Rate:-

(a) *For a bought Call Option*: the Base Currency is the Long Currency and the Terms Currency is the Short Currency. E.g. if the Underlying Exchange Rate for a bought Call Option is AUD/USD, the buyer of the Call Option is taking a view that the Australian dollar will appreciate against the US dollar.

(b) *For a bought Put Option*: the Base Currency is the Short Currency and the Terms Currency is the Long Currency. E.g. if the Underlying Exchange Rate for a bought Call Option is AUD/USD, the buyer of the Put Option is taking a view that the Australian dollar will depreciate against the US dollar.

For both Call Options and Put Options, if you are the seller of the FX Option, you will only have a right to the Premium and you will be under an obligation to enter into a Margin FX Transaction at the Exercise Rate (or for it to be Cash Settled) if the FX Option is validly exercised by the buyer.

8.4 Exercise Rate

The Exercise Rate is the predetermined Exchange Rate at which you will enter into a Margin FX Transaction (or make an equivalent Cash Settlement) with us if the FX Option is exercised. The Exercise Rate will be agreed at the time that the FX Option is entered into.

'In-the-money', 'at-the-money' and 'out-of-the-money'

The difference between the Exercise Rate and the actual market level of the Underlying Exchange Rate for the Currency Pair or Metal Pair at any particular time will determine whether an FX Option is 'in- the-money', 'out-of-the-money' or 'at-the-money'.

An FX Option is 'in-the-money' if:-

- *For a Call Option*: the current market Exchange Rate for the Currency Pair or Metal Pair is higher compared to the Exercise Rate. If the FX Option remains 'in-the-money' at the Expiry Date from a buyer's perspective, then the buyer can exercise the FX Option and receive a long position at the Exercise Rate or be Cash Settled (see section 8.6 for more information). If the FX Option remains 'in-the-money' at the Expiry Date from a seller's perspective, then the seller has an obligation to enter into a short Margin FX Transaction or be Cash Settled.
- *For a Put Option*: the current market Exchange Rate for the Currency Pair or Metal Pair is lower compared to the Exercise Rate. If the FX Option remains 'in-the-money' at the Expiry Date from a buyer's perspective, then the buyer can exercise the FX Option and receive a short position at the Exercise Rate or be Cash Settled (see section 8.6 for more information). If the FX Option remains 'in-the-money' at the Expiry Date from a seller's perspective, then the seller has an obligation to enter into a long Margin FX Transaction or be Cash Settled.

Conversely, an FX Option is 'out-of-the- money' if:

- *For a Call Option*: the current market Exchange Rate for the Currency Pair or Metal Pair is lower compared to the Exercise Rate. If the FX Option remains 'out-of-the-money' at the Expiry Date, then the FX Option will expire worthless. The buyer will have made a gross loss for the value of the Premium and the seller will have made a gross profit equal to the value of the Premium.
- *For a Put Option*: the current market Exchange Rate for the Currency Pair or Metal Pair is higher compared to the Exercise Rate. If the FX Option remains 'out-of-the-money' at the Expiry Date, then the FX Option will expire worthless. The buyer will have made a gross loss for the value of the Premium, and the seller will have made a gross profit equal to the value of the Premium.

An FX Option will be 'at-the-money option' if the Exercise Rate is equal to the current market level of the Exchange Rate for the Currency Pair or Metal Pair at a particular time.

A client contemplating purchasing a 'deep out-of-the-money option' (i.e. an FX Option with an Exercise Rate that is significantly below (for a Call Option) or above (for a Put Option) the current market level of the Exchange Rate for the Currency Pair or Metal Pair) should be aware that the chance of such an FX Option becoming profitable is generally remote.

When you buy an FX Option you may lose the entire Premium paid as an FX Option that is out-of-the-money or at-the-money at expiry will not be exercised and will expire worthless.

When you sell an FX Option, although you receive the Premium upfront, you are exposed to potential losses in the future if the Underlying Exchange Rate moves against your position. The maximum amount of this potential loss is unlimited and as such, selling unprotected options comes with a high degree of risk.

If an FX Option is out-of-the-money at a particular point in time, this does not mean it does not have value. That is, it may still have time value i.e. time until the Expiry Date in which the Underlying Exchange Rate may move in your favour (see section 8.5 for more information).

8.5 How is the Premium determined?

The price to be paid or received in relation to an FX Option is the Premium. It is negotiated between the buyer and seller of the FX Option and is payable by the buyer to the seller at the time the FX Option Transaction is entered into (payment is made by debiting or crediting your Account). The Premium is the compensation for the seller accepting the risk involved in selling the FX Option. The full amount of the Premium is payable immediately upon executing the FX Option. This means that sufficient Net Free Equity must in your Account to cover the Premium before you can buy an FX Option.

Importantly, if you buy an FX Option, then the Premium will represent a fixed transaction cost. Any gross profit that is ultimately realised on the Transaction will need to exceed the value of the Premium (plus any other charges, fees and other amounts) before you make a net profit.

The value of an FX Option will fluctuate during the life of the FX Option depending on a number of factors, including:

(a) the current market level of the Exchange Rate for the Currency Pair or Metal Pair;

(b) the nominated Expiry Date and the time remaining to expiry;

(c) the nominated Exercise Rate;

(d) the volatility of the Exchange Rate for the Currency Pair or Metal Pair;

(e) interest rates in respect of the currencies for the Currency Pair or a currency for the Metal Pair; and

(f) general risks applicable to markets.

The Premium comprises two elements known as intrinsic value and time value.

- *Intrinsic value* is the difference between the current market level of the Exchange Rate for the Currency Pair or Metal Pair and the Exercise Rate. For example, a bought Call Option will have intrinsic value at a particular point in time if the current market level of the Exchange Rate for the Currency Pair or Metal Pair is higher than the Exercise Rate i.e. the Call Option is in- the-money.
- *Time value* is more complex. When the Premium quoted for an FX Option is greater than its intrinsic value, it is because it has time value (other factors including fees and charges by us and the Platform Counterparty could also impact this price). Time value represents the amount an investor is prepared to pay for the possibility that the market might move in their favour during the life of the FX Option.

An FX Option's time value is affected by the following factors:

- *Time to expiry* – the longer the time to expiry, the greater the time value of the FX Option. Time value declines as the expiry of the FX Option draws closer. This erosion of time value is called time decay. It is not constant, but increases rapidly towards expiry.
- *Volatility* – in general, the greater the volatility of the Exchange Rate for the Currency Pair or Metal Pair, the greater the time value will be. This is because the seller is exposed to a greater probability of incurring a loss, and will require higher premium income to compensate for the increased risk.
- *Interest rates* – an increase in interest rates will lead to higher Premiums for FX Options, all else being equal. This reflects the cost of funding the Underlying Exchange Rate.

In addition, we and any Platform Counterparty will apply a spread on Premiums for FX Options which will increase the Premium you pay for bought FX Options and reduce the Premium you receive for sold FX Options (including FX Options you Close Out) – see section 15 for more information.

8.6 Exercising FX Options

Before entering into an FX Option Transaction, you must select an exercise method for the FX Option. There are two exercise options to select from:-

(a) *Cash Settlement* – if an FX Option is Cash Settled, then on exercise we will make an adjustment to your Account to reflect the sum of:

  (i) the Notional Value of the FX Option multiplied by the Exercise Rate; *minus*

  (ii) the Notional Value of the FX Option multiplied by the level of the Exchange Rate for the Currency Pair or Metal Pair at which we would offer to enter into a Margin FX with you at expiry.

(b) *Spot Settlement* – if an FX Option is Spot Settled, then on exercise the buyer and the seller will enter into a Margin FX Transaction at the Exercise Rate. The Margin FX Transaction will be on the terms agreed when the buyer and seller entered into the FX Option and will always be a Spot Contract. All aspects of the allocated Margin FX Transaction will be treated as described in section 7.

If a bought FX Option is 'in-the-money' at Expiry Date, it will be automatically exercised and settled in accordance with your selected exercise method.

Example 1

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of AUD/USD is 0.9200. You enter into an FX Option Transaction by purchasing an 'out-of-the-money' Cash Settled Call Option on AUD/USD at an Exercise Rate of 0.9300 for an underlying Notional Value of 100,000. The bid/ask price of the FX Option is 0.0032/0.0040 so you would purchase the FX Option at an ask price of 0.0040 representing a Premium of US$400 (0.004 x 100,000). The FX Option Expiry Date is in exactly one month.
- At the Expiry Date, the Underlying Exchange Rate is at 0.9500 and the bid/ask price is 0.010/0.016, so you exercise the Call Option.

The resulting gross profit on Cash Settlement would be US$2,000 being the difference between the Underlying Exchange Rate at exercise (0.9500) less the Exercise Rate (0.9300) x 100,000 (or $1,600 net of the initial $400 Premium charged). This amount would be credited to your Account. There are no fees for exercising the FX Option.

Example 2

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of AUD/USD is 0.9200. You enter into an FX Option Transaction by purchasing an 'out-of-the-money' Spot Settled Call Option on AUD/USD at an Exercise Rate of 0.9300 for an underlying Notional Value of 100,000. The bid/ask price of the FX Option is 0.0032/0.0040 so you would purchase the FX Option at an ask price of 0.0040 representing a Premium of US$400 (0.004 x 100,000). The FX Option Expiry Date is in exactly one months.
- At the Expiry Date, the Underlying Exchange Rate is at 0.9500 and the bid/ask price is 0.010/0.016, so you exercise the Call Option.

Spot Settlement of the FX Option Transaction results in the entry into a new Margin FX Transaction that will be long (i.e. buying a Margin FX Transaction) 100,000 AUD/USD at the Exercise Rate of 0.9300. There are no fees for exercising the FX Option.

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual rates or prices which might be offered.

9. Key benefits

CFDs and FX products provide a number of benefits which must, of course, be weighed against their risks. Their potential benefits include the following.

(a) *Hedging* – You can use CFDs and FX products to hedge your exposure to an Underlying Product.

(b) *Speculation* – You can use CFDs and FX products for speculation, with a view to profiting from market fluctuations in the Underlying Product. You may take a view of a particular Underlying Product and therefore invest in CFDs or FX products according to this belief. CFDs and FX products enable you to take a position with an exposure to a particular Underlying Product without needing to buy or sell the actual Underlying Product or relevant currency or precious metal.

(c) *Tailored* – As described in sections 6, 0 and 8, unlike exchange traded products, OTC products are not standardised and can be personally tailored to suit your requirements. For example, we allow you to enter into Transactions in small amounts whereas exchange traded products have a minimum transaction size based on a dollar value.

(d) *Profit potential in both rising and falling markets* – Since the price, value or level in Underlying Products are constantly moving, there are potential trading opportunities, whether a particular Underlying Product is increasing or decreasing in price, value or level. There is the potential for profit (and loss) in both rising and falling markets depending on the strategy you employ.

(e) *Leverage* –CFD and FX product Transactions involve a high degree of leverage. An investor outlay a relatively small amount (in the form of the Initial Margin) to secure an exposure to the

Underlying Product without having to pay the full price of, for example, holding the Underlying Security, currency or precious metal. You can effectively take a position with the same results as you would get from purchasing or selling the Underlying Product, but for less initial outlay than the equivalent physical transaction and still potentially benefit from a move in the price, value or level. *However, if the move in the price, value or level is unfavourable, then the use of leverage makes it possible that you will lose more than your Initial Margin for the Transaction.*

Accordingly, leverage gives the user the ability to take a greater level of risk for a smaller initial outlay, thus amplifying the potential risks and rewards. However, you need to fully understand that leverage also increases risks and can magnify losses. See section 10 for information about some significant risks.

The use of leverage can lead to large losses as well as large gains. For example, if you have a positive view about the prospects of a company, say XYZ, you could either buy 10,000 shares of XYZ at $1.00 and pay your stock broker $10,000 (plus costs) or you could buy 10,000 Share CFDs from us (where the Underlying Security is XYZ shares) and lodge an Initial Margin (depending on the particular company) of generally somewhere between $500 and $2,500 (plus costs).

Similarly, if you have a positive view about the US Dollar, you could either buy US$100,000 and pay US$100,000 (plus costs) or you could enter into a Margin FX Transaction with a Notional Value of US$100,000 (where the Underlying Exchange Rate is AUD/USD), which would initially only require you to pay and lodge an amount (in the form of Initial Margin) that will be a percentage of the Notional Value (the exact percentage will depend on the particular Currency Pair or Metal Pair, the Trading Platform and other factors).

For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the Underlying Product without the need to invest in the physical securities, currencies or precious metals.

(f) *Strategies* – Strategies may be complex and will have different levels of risk. You may contact one of our representatives for assistance in different trading strategies available to you. We can assist you by providing general advice which will be generic in nature and will not take into consideration one or more of your objectives, financial situation or needs.

(g) *Virtual 24 hour access to the FX markets* – When using the FX products offered by us under this PDS, you gain access to a Trading Platform that can be used to trade on any global market that is open for trading (see section 14). The Trading Platforms open on Monday at 5am (Sydney time) and close on Friday at 5pm (New York time) (i.e. Saturday morning Sydney time). However, trading in the various Currency Pairs or Metal Pairs may be restricted to hours where liquidity is available for any given currency or precious metal.

10. Significant risks

You should be aware that trading in the CFDs and FX products offered by us involves a high degree of risk. It is important that you carefully consider whether trading our products is appropriate for you in light of your investment objectives, financial situation and needs.

We have a risk management framework within the software supporting the Trading Platforms which, assuming you meet all of your obligations to us (as fully set out in the Client Services Agreement), attempts to limit your potential loss to the amount in your Account. However, at all times, if you have open positions with us your potential loss can be substantial and is not limited to any amount.

We recommend that you do not risk money that you are not in a position to lose and that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop loss orders). See Annexure 1 for information about on stop loss orders and other order types.

The following is a description of some of the significant risks associated with trading the CFDs and FX products offered by us.

10.1 General Risks

(a) *Leverage* – CFD and FX Transactions are leveraged products, meaning that they require a relatively small amount of outlay (in the form of the Initial Margin) to secure an exposure to the Underlying Product without having to pay the full price of holding the Underlying Security or transacting in the physical currency or precious metal. You can effectively take a position with the same results as you would get from purchasing or selling the Underlying Product, but for less initial outlay and still potentially benefit from a price move. *However, if the price move is unfavourable, then the use of leverage makes it possible that you will lose more than your Initial Margin for the Transaction.*

Accordingly, leverage gives the user the ability to take a greater level of risk for a smaller initial outlay, thus amplifying the potential risks and rewards.

(b) *Market risk* – Financial markets, such as stock markets, foreign exchange and precious metal markets can change rapidly due to external market forces.

Share prices (on which the value of Share CFDs are based) depend on a number of factors including for example, interest rates, demand and supply, actions by the company concerned and potentially, the actions of governments. In some cases, shares may be suspended from trading or have their quotation withdrawn from the exchange where they are traded. This could adversely affect the value of a Share CFD.

Fluctuations in the level of an Underlying Index, and thus Index CFDs, are a direct result of the fluctuating prices of the underlying shares which comprise the relevant index. This could adversely affect the value of an Index CFD.

The price, value or level of an Underlying Commodity, Underlying Bond or Underlying Interest Rate will also be affected by these factors, and the price, value or level of an Underlying Commodity will also be affected by a range of other factors that influence commodity prices. This could adversely affect the value of a CFD.

For FX Transactions, the level of an Exchange Rate for the Currency Pair or Metal Pair will depend on a number of factors including, for example, interest rates, demand and supply, and the actions of governments.

Given the potential levels of volatility in the markets, you should closely monitor your open positions at all times.

(c) *Substantial losses* – Despite trying to Close Out open positions, your loss on a Transaction could be very substantial. Stop loss orders are instructions placed by a client with us to Close Out an open Transaction if the Underlying Product trades at or through a specific level. Stop loss orders are often used to attempt to limit or minimise the amount which can be lost on an open CFD or FX Transaction; however, they may not always be filled and, in any event, may not limit your losses to the amounts specified in the order. The operation of stop loss orders should be discussed with one of our representatives.

(d) *Payment of Variation Margin* – If the price, value or level of the Underlying Product moves against your Transaction, you will be required to have sufficient funds in your Account to meet your Margin Requirement in order to maintain your Transaction. The amount of the Variation Margin may be substantial.

If you fail to satisfy a Margin Call immediately, your position may be Closed Out at a loss and you will be liable for any shortfall in your Account balance. Positions are marked to market on a generally dynamic real time basis depending on the Trading Platform you utilise, with payments being settled in real time to account for market movements (section 11 and 0 for more information about Margin obligations).

If the Net Free Equity in your Account is less than the amount of the Margin Requirement to enter a new or maintain a Transaction, we reserve the right to Close Out some or all of your open positions (regardless of the deficit) or to refuse to allow you to enter into a new Transaction. The risk of abrupt adverse changes in the price or value of the Underlying Product is even greater in circumstances where there is an increase in market volatility. Traditionally, volatility can increase significantly as a result of unexpected news or unknown data being released such as terrorist attacks, acts of god, or financial market collapse.

(e) *Not a regulated market* – The CFDs and FX products offered by us are OTC derivatives and are not covered by the protections for exchange-traded derivatives arising from any domestic or international financial market rules (such as guarantee or compensation funds to address counterparty risk).

(f) *Notifications are via the electronic platform that you use* – If you do not actively monitor your open positions via the Trading Platform, you may not be aware of a Margin Call / Account Position or when some or all of your open positions are Closed Out.

(g) *Counterparty risk to us* – Given you are dealing with us as counterparty to every Transaction, you will have an exposure to us in relation to each Transaction. You should review our financial accounts (available on our website) to assess our ability to meet our financial obligations.

We rely to a significant extent on hedging to manage our exposures to Transactions. See section 5.3 for information about our hedging practices and note that we may elect not to hedge some or all of a Transaction.

To the extent we do hedge some or all of our exposure to you and our other clients through Hedge Transactions, we will do so in a principle capacity and not as your agent. That is, your contractual relationship will continue to be with us only, and you will have no rights of recourse to the relevant Platform Counterparty, or to any other person.

Nevertheless, together with our other clients, you take an indirect credit risk on each Platform Counterparty to the extent we enter into Hedge Transactions with them. This is because, if a Platform Counterparty becomes insolvent, it may not be able to meet some or all of its obligations to us under the Hedge Transactions we have with it. Depending on the nature and extent of those obligations, the insolvency of the Platform Counterparty may, in turn, cause us to be unable to meet some or all of our obligations to you and our other clients.

We give no assurance as to the ongoing solvency of any Platform Counterparty.

If we become insolvent, then we may be unable to meet our obligations to you in full or at all. In addition, you might face considerable delays before you are able to access the amount (if any) that is able to be recovered from us.

If they apply to you, some protection may be afforded to you by the Clients' Money Rules in respect of funds we hold in a clients' trust account – see section 21 for more information.

(h) *Order Acceptance Risk* – When you place an order (i.e. request to open or Close Out a Transaction), we have an absolute discretion whether or not to accept and execute any such request. Our discretion applies in relation to, but is not limited to, ‘stop loss' orders, ‘market' orders, 'market-on-open' orders, ‘stop entry' orders, ‘one-cancels-other' orders, ‘if done' orders and any other order type established and defined on the relevant Trading Platform from time to time.

Our rights to refuse your request (to enter into a new Transaction or to amend or Close Out an existing open position) are set out in full in the Client Services Agreement. You should refer to it and to section 2 of Annexure 1 for more information. The effect of our discretion is that an order you give us may not be executed and you may suffer loss (including actual loss or lost opportunity) as a result. We are not responsible for any such loss.

(i) *Liquidity* – Under certain conditions, it may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the price, value or level of the Underlying Product over a short period of time.

(j) *Use and Access to Trading Platforms* – You are responsible for providing and maintaining the means by which to access a Trading Platform, which may include a personal computer, modem and telephone or other access line. Technical problems or other conditions may delay or prevent access. If you are unable to access the internet and thus, the Trading Platform, it will mean you may be unable to monitor your open positions or trade in CFDs or FX products and you may suffer loss as a result.

Furthermore, in unforeseen and highly volatile market situations, we reserve the right to suspend the operation of any Trading Platforms or any part of it. In such an event, we may, at our sole discretion (with or without notice), Close Out your open positions at prices, value or level we consider fair and reasonable at such a time. We may impose volume limits on certain client accounts, at our discretion. This could occur if you place an order and we deem the size of the order to have an excessive impact on the risk profile that we are prepared to take. If you require further clarification please contact our

Operations Manager for additional explanation.

(k) *Trading Platforms* – You should be aware that there are a number of risks associated with using internet-based Trading Platforms. Such risks include, but are not limited to, risks related to the use of software and/or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults, inaccuracies and security breaches.

These risks and the occurrence of disruptive events are outside of our control and, accordingly, you will have no recourse against us in relation to the use of or availability of any Trading Platform or any errors in the software and/or related information systems.

There are important provisions regarding the use of the Trading Platforms contained in the Client Services Agreement. You must ensure that you fully understand these provisions and the risks involved in relying on an on-line, electronic trading system and the limitations in the service that we can provide in relation to Trading Platforms.

We rely on a number of technologies to provide you with access to a Trading Platform. We have outsourced the operation of the Trading Platforms to various third parties, and in doing so, rely on them to ensure the systems are regularly updated and maintained. We have been operating various Trading Platforms since 2005. Additional Trading Platforms may be offered from time to time at our discretion. Trading on a Trading Platform may differ from trading on electronic trading systems offered by other providers.

A disruption to a Trading Platform could mean you are unable to monitor your open positions or trade in a CFD or FX product and you may suffer loss as a result. We are not responsible for such losses.

In most cases, orders can be placed using any of the Trading Platforms we provide, however there may be certain circumstances that could restrict order entry. Some examples of these include:

(i) *order size* – this could occur if you are trading and we deem the size of your order to be potentially adverse to the risk profile that we are prepared to take;

(ii) *product type* – this could occur if the market for the Underlying Product is illiquid;

(iii) *availability* – this could occur as a result of the Trading Platform server or connectivity being down or inoperative; and

(iv) *order type* – this could occur if we deem that the order was placed outside the current fair value of the Underlying Product in an attempt to protect you from error.

If you attempt to contact us by telephone to execute an order when the same order could have been placed through the Trading Platform i.e. the Trading Platform is available but for some reason you prefer to place the order by telephone, you may incur an additional fee (see section 16.4). However, this fee will not be charged if you are placing the telephone order due to a disruption to the Trading Platforms which results in you not being able to place an order through the Trading Platforms.

(l) *Systems Risk* – We are not responsible for any external disruptions such as your computer and internet service not being operational.

(m) *Foreign Exchange Risk* – We are not responsible for exchange rate movements where you trade in a CFD or FX product based on an Underlying Product priced in a currency other than your Account currency. Your profit or loss will be determined by movements in the price, value or level of the Underlying Product and also by the impact of movements in the relevant exchange rate.

Your Account is always maintained in a specific Account Currency (which you nominate and we accept or, in the absence of a nomination, Australian dollars). All Margin Requirements, profits, losses and all other variables (such as fees) will be debited or credited to your Account in the Account Currency at the prevailing exchange rate plus a conversion fee (see section 16.1 for more information).

If you transact in a CFD or FX product where the Underlying Product is denominated in a currency other than the Account currency (e.g. your Account currency is Australian dollars but you transact in a CFD based on a share traded on the New York Stock Exchange and, therefore, priced in US dollars), all Margin Requirements, profits and losses will be converted from US dollars to the Account currency (Australian dollars). If you hold an open position and the exchange rate when you Close Out the open position is different from the exchange rate at the time you entered the position, this will impact on the ultimate profit or loss that is realised.

Adverse foreign exchange rate movements could cause you to incur significant losses.

(n) *Transactions are not Transferable* – As each Transaction you enter into is a transaction between you and us and is not traded on a financial market, you will not be able to transfer your rights, benefits or obligations under the Transaction to any other person.

(o) *Exercise of our Discretion to Close Out* – We have absolute discretion to Close Out a client's open position and at prices, values or levels we determine, acting reasonably (see section 12). The effect of us exercising our discretion is that we may Close Out your open position and you may suffer loss as a result (including actual loss or lost opportunity if the price, value or level improves from the price, value or level the open position was Closed Out). We are not responsible for any such loss.

(p) *Trading Platform Closed* – Due to the dynamic nature of CFDs and FX products, it is possible that the value of your open positions will change while the trading function of a Trading Platform is closed. In this case, you will not be able to transact in a CFD or FX product through that Trading Platform, including to Close Out an open Transaction, until the trading function of the Trading Platform re-opens. You may suffer loss as a result.

10.2 Risks associated with derivatives

CFDs and FX products are derivative contracts. Derivative markets can be highly volatile. Accordingly, the risk of loss in trading in derivatives contracts can be substantial. You should carefully consider whether trading is appropriate for you in light of your personal financial objectives, needs and circumstances. In deciding whether or not to invest, you should be aware of the following risks.

(a) As noted in section 10.1, CFDs and FX products involve a high degree of leverage because the Initial Margin requirements are relatively small in comparison to the value of the Underlying Product. The use of leverage can lead to large losses. Even a slight fluctuation in the price, value or level of the Underlying Product could result in you incurring substantial losses. By trading in CFDs and FX products you could lose the full balance of your Account (and more).

(b) You could sustain a loss of the total balance of your Account (and more). Your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have transferred to us. In this situation we will require those funds to be paid immediately.

(c) If the market moves against your position, you will be required to transfer additional funds to us in order to maintain your position i.e. to 'top up' your Account balance (see section 11). Those additional funds may be substantial. If you fail to provide those additional funds immediately, we may Close Out some or all of your open positions. You will also be liable for any shortfall in your Account balance following that closure.

(d) Under certain market conditions, it could become difficult or impossible for you to manage the risk of open positions by entering into opposite positions in another contract or Close Out existing positions (see section 10.1(b)).

(e) Under certain market conditions the prices of our CFDs or FX products may not maintain their usual relationship with the price, value or level of the Underlying Product. These circumstances could be pre-market pricing, settlement, corporate actions and price anomalies not related to standard price action.

(f) The CFDs and FX products offered by us involve risk. However, the placing of contingent orders such as a stop loss order may potentially limit your loss. We will generally attempt to execute a stop loss order at or near the price or value requested, but this is not guaranteed. Accordingly, stop loss orders may not limit your losses to the exact amount you specify.

11. Margin Requirements

CFD and FX products are subject to margin obligations i.e. clients must have a sufficient balance in their Account for security / margining purposes. Accordingly, you are responsible to meet all margin payments we require.

11.1 Types of Margin

There are two components of the Margin Requirement which you will be required to pay in connection with CFD and FX Transactions: Initial Margin and Variation Margin.

Initial Margin

In order to enter into a Transaction you will be required to pay us the Initial Margin or have an amount of Net Free Equity in your Account that is at least equal to the Initial Margin. This amount represents collateral for your exposure under the Transaction and covers the risk we take on you.

Depending on the particular Transaction, the market volatility for the Underlying Product and the Trading Platform you use, the Initial Margin for:

- a CFD Transaction will typically be between 1% and 30% of the face value or contract value of the CFD; and
- an FX Transaction will typically be between 1% and 50% of the Notional value of the Margin FX Transaction or sold FX Option (as applicable).

However, it is not uncommon for Initial Margins to be above this range. Schedule D sets out details of where you can find information about the Margin Requirements in respect of each Trading Platform.

Margin Requirements may differ between Trading Platforms. In choosing a Trading Platform, you should carefully consider the Margin Requirements of each Trading Platform as Margin Calls could have an adverse impact on your investment.

The percentage Margin Requirement for a Trading Platform may change at any time in our discretion. Before entering into a Transaction, you should refer to the Initial Margin schedule on your Trading Platform for more information about the Margin Requirement for your proposed Transaction.

You must have an amount of Net Free Equity in your Account that is at least equal to the Initial Margin amount before entering into a Transaction.

Variation Margin

As the value of your Transaction will constantly change due to changing prices, value or level of the Underlying Product, the Margin Requirement (being the minimum Account balance you must maintain in order for us not to Close Out some or all of your Transactions) on the open positions will also constantly change. This is also commonly referred to as 'Variation Margin'.

We determine the Variation Margin for a Transaction by reference to changes in the price, value or level of the Underlying Product. In other words, each open Transaction is effectively marked to market on at least a daily basis. 'Marked to market' means that an open position is revalued generally in real time or at least on a daily basis to the current market price, value or level. The difference between the real time / current day's valuation compared to the previous real time / day's valuation respectively is the amount which is debited (in the case of unrealised losses) or credited (in the case of unrealised profits) to your Account. The valuations are calculated using the closing price, value or level (at the close of trading on each day) of the Underlying Product as determined by the relevant Pricing Source. Intraday marked-to-market revaluations will be based on the last available price, value or level of the Underlying Product as determined by us.

The amount of your Margin Requirement (being the Initial Margin and any adverse Variation Margin) at any one time will be displayed on the open positions report made available through your Trading Platform.

Thus, any adverse price movements in the market must be covered by further payments from you (unless you already have sufficient 'Net Free Equity' in your Account). We will also credit Variation Margin to you when a position moves in your favour.

The Variation Margin is therefore calculated by reference to the unrealised profit or loss on your open positions which is equal to the dollar value movement when compared against the current market value. The current market value of:

- a CFD refers to the most recent price, value or level on the relevant exchange or the closing quotation on some other date (or, in the case of an Index CFD, the most recent Index level as published by the relevant index sponsor); and
- an FX product refers to the most recent level as determined by the relevant Pricing Source.

If we decide to make a Margin Call for any adverse Variation Margin we will generally do so through 'pop-up' screens or screen alerts on the relevant Trading Platform. See section 11.2 for additional information regarding notifications of Margin Requirements).

Margin Calls are made on a net Account basis i.e. should you have several open positions with respect to a particular Trading Platform, then Margin Calls are netted across the group of open positions. In other words, the realised and unrealised profits of one Transaction can be used or applied as Initial Margin or Variation Margin for another Transaction.

11.2 Notifications regarding Margin Requirements

If we decide to make a Margin Call we will generally do so through 'pop-up' screens or screen alerts on the relevant Trading Platform, and you are required to log into the system regularly when you have open positions to ensure you receive notification of any Margin Calls and to monitor changes in Margin Requirements, including those not covered by Margin Calls.

Refer to our website which provides samples of various 'pop-up' screens or screen alerts which are part of the functionality of the various Trading Platforms and in particular refer you to the sample notification of margin usage. In addition, see Schedule C.

We have no obligation to contact you about any change to the Margin Requirements or any actual or potential shortfalls in your Account.

It is your responsibility to actively monitor and manage your open positions and your obligations, including ensuring that you meet your Margin Requirement. It is also your responsibility to ensure you are aware of any changes in the Margin Requirements. We might not notify you of a requirement to pay Variation Margin, and if you fail to make such a Payment we could Close Out your position.

11.3 Failing to meet a Margin Call

We generally apply risk limits (referred to as 'Default Liquidation thresholds') to ensure that your Margin Utilisation does not exceed certain pre-defined levels (typically 100% of Margin Utilisation). If your Margin Utilisation exceeds the Default Liquidation threshold for your Trading Platform, a Margin Call will generally be applied to your Account. If you do not meet a Margin Call immediately, we may Close Out some or all of your open Transactions without notice to you. The Default Liquidation threshold is implemented for risk management purposes, and may be varied at any time.

The Default Liquidation threshold is not a guarantee that we will close out any Transactions, or that any risk will be limited to avoid or minimise your losses on your Account.

You must ensure that you have a sufficient balance in your Account at all times to meet your changing Margin Requirements i.e. you should maintain a buffer of Net Free Equity against adverse Variation Margins arising.

If the Net Free Equity in your Account is not sufficient to meet your Margin Requirement, we may Close Out some or all of your open positions at the risk of generating a loss (the loss might be greater than the balance of your Account, in which case you will owe us the shortfall). This could be immediate if certain events occur (see section 10 for more information).

IMPORTANT: If you fail to meet your Margin Requirement, then we may in our absolute discretion (but without an obligation to do so), Close Out, without notice, all or some of your open Transactions and deduct the resulting realised loss from your Account. Any losses resulting from us Closing Out may require you to provide additional funds to us. If a Close Out occurs, you will not be able to enter into another Transaction until you transfer additional funds to us.

11.4 How you may meet any deficiencies in your Margin Requirement

If there is ever a deficiency in your Margin Requirement, you must transfer funds sufficient to eliminate the deficiency into our nominated clients' trust account. All funds received from clients are held, used and withdrawn in accordance with the Client Services Agreement and applicable law, including the Clients' Money Rules.

All interest that may accrue on any positive balance in your Account will be kept by us, unless we otherwise agree with you (see section 16.2).

Any Margin Calls we make must generally be met immediately. This means that sufficient cleared funds must be transferred to the relevant account in addition to meeting the Margin Requirements as a buffer against adverse Variation Margins arising.

11.5 How to transfer money to us

You will only be permitted to deal in and maintain open Transactions on the basis of cleared funds being provided to meet your Margin Requirement. It is your responsibility to provide the funds for your margin obligations on time. You should bear in mind accepted Australian banking practice in relation to fund transfers or deposits from other financial institutions, which typically require three business days clearance for personal cheques and one business day clearance for direct deposits (depending on the timing of your transfer). Any delay in crediting your Margin Requirement is at your risk.

In practical terms, you also need to know and prepare yourself for the methods of depositing money in response to a deficiency in your Margin Requirement or a Margin Call as this may determine if some or all of your open positions are Closed Out (see section 12 for information about when a Transaction may be Closed Out).

Methods for transferring money in response to a Margin Call include:-

(a) *Real Time Gross Settlement (RTGS)* – This is an immediate transfer of cleared funds which may or may not be available at the institution that you bank with.

(b) *Electronic Transfer of Funds (ETF)* – This is a transfer of funds that in most instances if, lodged with an Australian bank, will be placed as cleared funds usually within the next business day, but can be delayed through various external factors outside of your or our control.

(c) *International Electronic Transfer of Funds (IETF)* – This is a transfer from an overseas bank that in most instances if lodged with an overseas bank will be placed as cleared funds usually within five business days, but can be delayed through external factors outside of your or our control.

(d) *Bank cheque* – This is a cheque that is issued by a bank that traditionally requires three business days or more to clear and would be required to be deposited with a 'special answer' to be made available as cleared funds the following business day (if required), but can be delayed through external factors outside of your or our control.

(e) *Business or personal cheque* – This is a cheque that is issued by a business or person that traditionally requires three business days or more to clear and would be required to be deposited with a 'special answer' to be made available as cleared funds the following business day (if required), but can be delayed through external factors outside of your or our control.

If we receive confirmation of RTGS and ETF, we may in our discretion credit this as cleared funds. As IETF, bank cheques, business cheques and personal cheques can be cancelled or withdrawn, we will need to assess on a case by case basis whether this method of deposit is appropriate or, alternately if cleared funds will still need to be provided by you.

Whilst RTGS or ETF facilities may imply an immediate transfer of funds, you should also be aware that these processes can take additional time which could have some impact on your ability to trade and to control your open positions at that time. We recommend that you clarify with your bank or financial institution what timeframes or delays may be experienced in the transfer of funds via RTGS or ETF facilities to us.

You should be aware that timing delays in your ability to transfer funds to us could affect your ability to satisfy your Margin Requirement or a Margin Call in time, which could result in us Closing Out some or all of your open Transactions. We will not suggest to you any amount of buffer capital to use to safeguard from a deficiency in your Margin Requirement.

12. Opening and Closing Out Transactions

You can open or Close Out a CFD or FX Transaction (or part of it) via the Trading Platform or by contacting us during business hours (9am to 5pm, Sydney time) to determine the current market price, value or level for the Underlying Product.

CFDs generally do not have an expiry date (unless the Underlying Product itself has an expiry date i.e. Expiring CFDs), and will remain in place until either you or we, in our discretion, Close Out the open position.

CFDs with expiry dates will be Closed Out on the expiry date unless Closed Out by you or us prior to that date.

Margin FX do not have an expiry date, however if it is held on the close of business (5pm, New York time), the Margin FX Transaction will be 'rolled over' to a new Value Date and will remain open until it is Closed Out. See section 18.2 for more information about Rollovers.

After receiving (and accepting) your instructions, we will then provide a quote for the current market price, value or level of the Underlying Product. If you accept the price, value or level, you will instruct us to either open a Transaction or Close Out an existing open Transaction. We are not obliged to accept a trading instruction e.g. if there is insufficient Net Free Equity in your Account to meet your Margin Requirement. Other circumstances where we may decide not to accept your order include (but are not limited to) where we are unable to quote prices, values or levels in the relevant Underlying Product due to the unavailability of information:

- from the relevant exchange on which the Underlying Security is traded (for Share CFDs);
- from the Index sponsor for the Underlying Index (for Index CFDs);
- from the Pricing Source (for Expiring CFDs and FX products); or
- where there are problems with systems, the website or Trading Platform (see risks in section 10).

> We have proprietary risk models in place that mean we may Close Out a position with no prior consultation.

12.1 Additional information about opening and Closing Out CFDs

What factors affect the CFD value on Close Out?

On the day that the CFD is Closed Out, we will calculate any of your remaining payment rights and obligations to reflect movements in the contract value since the previous business day's close (including interest and other credits or debits). The closing contract value may also be affected by the following factors:-

(a) *External administration* – If a Share CFD is over shares in an entity which is being wound up or is under external administration, we will generally Close Out the CFD at that time and any resultant profit or loss will be credited or debited to your Account. If this happens, we will determine the price at which the CFD will be Closed Out having regard to any factors we consider appropriate including, for example, the last traded price of the Underlying Security. Generally we will not continue to offer or quote Share CFDs over shares in an entity while it is being wound up or is under external administration.

(b) *Suspension* – If a CFD is over:

- Underlying Shares which cease to be quoted on the exchange on which they were quoted when the CFD was entered into, or are suspended from quotation for five consecutive business days (or such lesser period as may be agreed with you);
- an Underlying Index which ceases to be calculated by the relevant index sponsor, or the index parameters are materially changed; or
- an Underlying Commodity, Underlying Bond or Underlying Interest Rate for which pricing ceases to be available from a reputable pricing provider,

we may elect to Close Out the CFD and/or call additional Margin. If we elect to Close Out the CFD, we will determine the closing price, value or level and in making such determination, will, at our discretion, have regard to a number of factors including the last price, value or level of the Underlying Product and the reasons for any suspension (e.g. administration, liquidation, removal of listed stock or termination of the index).

(c) *Takeovers* – If a Share CFD is over shares in a company which becomes the subject of a takeover offer, we may give you notice of our intention to Close Out the CFD. If this happens, we will determine the closing price at our discretion. The closing price will usually be determined taking into account the terms of the takeover offer.

(d) *Trading halts* – If a Share CFD is over shares in a company in respect of which there is a trading halt or suspension, we will determine the closing price at our discretion. The closing price we determine may be zero. You may be required to pay us an amount on Closing Out the CFD.

Trading Halts or Suspensions – New Orders

We may accept new orders for Share CFDs where the Underlying Security is halted or suspended. Your order will remain as pending until such time as trading in the Underlying Security resumes. However the order may be cancelled (in our discretion) depending on how long trading in the Underlying Security is halted or suspended for trading.

Expiry Dates for Expiring CFDs

Expiring CFDs may be left open up to close of trading on the expiry date for the Underlying Product (being the futures contract over the Underlying Commodity, Underlying Bond or Underlying Interest Rate you select for your Expiring CFD) and can be Closed Out at any time prior to the expiry date. If an Expiring CFD is not Closed Out by close of trading on the expiry date, the CFD will be Closed Out automatically at that time and cash settled at the last available closing price, value or level.

When you enter into an Expiring CFD, you will need to select the term of the futures contract over the relevant Underlying Commodity, Underlying Bond or Underlying Interest Rate.

12.2 Additional information about Closing Out FX Options prior to their Expiry Date

An FX Option can be Closed Out prior to its Expiry Date so as to realise unrealised gains or losses.

(a) *For a bought FX Option*, you can Close Out your position by selling an equivalent FX Option to us. Your Account will then be credited with the value of the Premium for the sold FX Option at the time of Closing Out. You may make a gross profit on the 'round trip' transaction if the value of the Premium for the sold FX Option is greater than the value of the Premium that you initially paid to buy the FX Option (subject to any fees, charges and other amounts payable as outlined in sections 16 and 19). You will incur a loss on the 'round trip' transaction if the value of the Premium for the sold FX Option is less than the value of the Premium that you initially paid to buy the FX Option.

(b) *For a sold FX Option*, you can Close Out the position by buying an equivalent FX Option from us. Your Account will be debited with the value of the Premium for the bought FX Option at the time of Closing Out. You may make a gross profit on the 'round trip' transaction if the value of the Premium for the bought FX Option is less than the value of the Premium that you initially received to sell the FX Option (subject to any fees, charges and other amounts payable as outlined in sections 16 and 19). You will incur a loss on the 'round trip' transaction if the value of the Premium for the bought FX Option is greater than the value of the Premium that you initially received to sell the FX Option.

In each case, see section 8.5 for information about the factors that can affect the value of the Premium.

Under certain conditions, it may become difficult or impossible for you to Close Out an FX Option. For example, this can happen when there is significant volatility in the level of the Underlying Product.

Example 1

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of GBP/USD is 1.6323. You enter into an FX Option Transaction by purchasing an 'out-of-the-money' Cash Settled Call Option on GBP/USD at an Exercise Rate of 1.6600 for an underlying Notional Value of 100,000. The bid/ask price of the FX Option is 0.0023/0.0036 so you would purchase the FX Option at an ask price of 0.0036 representing a Premium of US$360 (0.0036 x 100,000). The FX Option Expiry Date is in exactly two weeks.
- One week later, the Underlying Exchange Rate is at 1.6759 and the bid/ask price of the FX Option is 0.0045/0.0058. You do not want to exercise so you decide the sell the Call Option at the bid price of 0.0045.

The resulting gross profit on the FX Option Transaction would be US$90 being the difference between the sale price (0.0045) less purchase price (0.0036) x 100,000.

Example 2

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of EUR/USD is 1.3396. You enter into an FX Option Transaction by purchasing an 'out-of-the-money' Spot Settled Put Option on EUR/USD at an Exercise Rate of 1.3100 for an underlying Notional Value of 100,000. The bid/ask price of the FX Option is 0.0015/0.0025 so you would purchase the FX Option at an ask price of 0.0025 representing a Premium of US$250 (0.0025 x 100,000). The FX Option Expiry Date is in exactly two months.
- At Expiry Date, the Underlying Exchange Rate is at 1.3463 which means that the FX Option has remained 'out-of-the-money' and you let the FX Option expire worthless.

The resulting gross loss on the FX Option Transaction would be US$250 being the Premium paid for the FX Option.

Example 3

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of GBP/USD is 1.6256. You enter into an FX Option Transaction by selling an 'out-of-the-money' Cash Settled Call Option on GBP/ USD at an Exercise Rate of 1.6400 for an underlying Notional Value of 100,000. The bid/ask price of the FX Option is 0.0025/0.0038 so you would sell the FX Option at a bid price of 0.0025 representing a Premium of US$250 (0.0025 x 100,000). The FX Option Expiry Date is in exactly two weeks.
- One week later, the Underlying Exchange Rate is at 1.5972 and the bid/ask price of the FX Option is 0.0009/0.0021 but you are concerned the Underlying Exchange Rate will appreciate so you decide to Close Out the Call Option at the bid price of 0.0021.

The resulting gross profit on the FX Option Transaction would be US$40 being the difference between the sale price (0.0025) less purchase price (0.0021) x 100,000.

Example 4

- Assume your Account Currency is AUD and the current Underlying Exchange Rate of EUR/USD is 1.3423. You enter into an FX Option Transaction by selling an 'out-of-the-money' Spot Settled Put Option on EUR/ USD at an Exercise Rate of 1.3300 for an underlying Notional Value of 50,000. The bid/ask price of the FX Option is 0.0026/0.0036 so you would sell the FX Option at a bid price of 0.0026 representing a Premium of US$130 (0.0026 x 50,000). The FX Option Expiry Date is in exactly one month.
- Later in the month, the Underlying Exchange Rate is at 1.3008 and the bid/ask price of the FX Option is 0.0051/0.0061. You are concerned that the Underlying Exchange Rate will continue to fall and do not want to get exercised so you decide to Close Out the FX Option by purchasing back at an ask price of 0.0061.

The resulting gross loss on the FX Option Transaction would be US$175 being the difference between the purchase price (0.0061) less sale price (0.0026) x 50,000.

In each example, the net profit or loss is determined after deducting the commission (where applicable), transaction costs and any other charges and is converted back to your Account Currency (see sections 16 and 19 for information about costs and charges and also see the various trading examples on our website).

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual rates or prices which might be offered.

13. Trading Platforms and Platform Counterparties

We use two online trading platforms, Halifax Pro and Halifax Plus.

Before you enter into a Transaction you should open a demo account and conduct simulated trading. This enables you to become familiar with the attributes of the various online Trading Platforms.

We have outsourced the operation of each Trading Platform to third parties. Refer to section 10.1(k) for an explanation of the risks associated with the Trading Platforms.

For each CFD or FX Transaction you enter into through the Halifax Pro or the Halifax Plus Trading Platforms, we may hedge our exposure to your Transaction by entering into a Hedge Transaction with a Platform Counterparty. However, when you enter into a Transaction, we transact with you in a principal capacity. That is, your contractual relationship is with us only, and you have no rights of recourse to the Platform Counterparties, or to any other person. Nevertheless, to the extent we hedge our exposure to your and our other clients' Transactions, you still take credit exposure on the Platform Counterparty because of our reliance upon them (see section 10.1(g) for more information about your credit risk to us including as a result of our reliance on Platform Counterparties).

The relevant Platform Counterparty for each Trading Platform, as at the date of this PDS, and details of their website where you can find out more information about them is set out below.

- Invast Financial Services Pty Ltd: www.invast.com.au
- GAIN Capital UK Limited: www.gaincapital.com
- Interactive Brokers LLC and Interactive Brokers Australia Pty Ltd: www.interactivebrokers.com

We may add or remove Platform Counterparties at any time. Any changes will be disclosed in our market risk policy, a copy of which is available from our website.

14. Trading hours

The trading hours for our CFDs will depend on the market or exchange on which the Underlying Product is traded or based. We refer you to the relevant exchange website (see section 6.7) or you may contact us to confirm (see section 1 for our contact details).

The trading hours of our FX products will depend on applicable foreign exchange markets. Typically, trading is available 24 hours a day between 5am, Monday (Sydney time) and 5pm, Friday (New York time).

This means that you are able to view live prices, value or levels and place live orders through the Trading Platform during these hours. However, trading in FX products involving certain Currency Pairs or Metal Pairs may be restricted to hours where liquidity is available for any given currency or precious metal.

Outside these hours, you may still access the Trading Platforms and view your Account, Market Information, research and our other services. However, there will not be any live prices, value or levels or trading. It is at our sole discretion to provide services to you outside these hours. Any changes to trading hours will be displayed by the relevant platform.

15. Trading examples

When trading CFDs or FX products, you should be aware of the risks and benefits and review examples of how the products can be traded.

We have prepared various trading examples which can be found on our website.

These trading examples are provided purely for the purpose of demonstrating to you how dealing in our CFDs and FX products may work. As these trading examples are for illustrative purposes only, they should not be taken as an indication or commitment by us as to any values that might apply to any trade(s). Furthermore, the examples used do not reflect your personal financial objectives, needs and circumstances and do not constitute personal financial product advice.

16. Fees and other charges

Fees and charges will be charged to your Account each time a Transaction is entered into or Closed Out and through daily adjustments to your Account balance in respect of open positions.

The fees and charges you bear may vary depending on a number of factors, including:

- the Trading Platform you use –Schedules A and B set out some of the differing costs you bear under each Trading Platform; and
- your agreement with us.

For some of our clients we will agree to lower fees and costs. For example, we may agree to this with a client who is a regular, high volume trader.

Refer to section 17 for information about charges, fees and other amounts for CFD Transactions.

Refer to section 18 for information about charges, fees and other amounts for Margin FX Transactions.

Refer to section 19 for information about charges, fees and other amounts for Margin FX Transactions.

Refer to the remainder of this section 16 for information about charges, fees and other amounts payable on Transactions that are of general application to CFDs and FX products.

16.1 Conversion Spread

Your Account is always maintained in a specific Account Currency (which you nominate and we accept or, in the absence of a nomination, Australian dollars). All Margin Requirements, profits, losses and all other variables (such as commissions, interest and other fees and costs) will be debited or credited to your Account in the nominated Account Currency.

If you transact in a CFD where the Underlying Product is denominated in a currency other than your Account currency (e.g. your Account currency is Australian dollars but the Underlying Product is shares traded on the New York Stock Exchange, which are quoted in US dollars), all profits or losses, and all other variables, on the CFD Transaction will be converted to your Account currency and we will apply a Conversion Spread in that conversion.

Similarly, if the Terms Currency for a Margin FX Transaction is not your Account Currency, all profits or losses, and all other variables, on the Margin FX Transaction will be converted to your Account currency and we will apply a Conversion Spread in that conversion.

The effect of the application of the Conversion Spread to the rate at which gains or losses are converted back to your Account Currency will be to increase (in terms of your Account Currency) any losses and to decrease (again in terms of your Account Currency) any gains.

The additional Conversion Spread (if any) we apply in respect of Transactions is set out in Schedule A.

No additional conversion fee will be deducted from your Account, rather our conversion fee is incorporated into the Conversion Spread.

The Conversion Spread is applied both in entering into, and Closing Out, each Transaction denominated in a different currency to your Account currency and for every currency conversion in respect of the Transaction (e.g. calculations of the commission, dividend adjustments, funding and interest charges etc.). That is, on a 'round trip' (i.e. the Transaction that is opened and then later Closed), you will be subject to at least two Conversion Spreads.

Measuring the Conversion Spread – what is a 'pip'?

The Conversion Spread is the difference between the interbank exchange rate available to the Platform Counterparty in respect of your Trading Platform and the exchange rate at which we will convert gains or losses on Closing Out a Foreign Currency Transaction. It is generally expressed as a number of 'pips', but is calculated as a percentage of the relevant exchange rate.

A 'pip' is an abbreviation for the 'price interest point' for an exchange rate transaction. A pip generally refers to the fourth decimal point of a unit of the relevant currency for the relevant Transaction, or, if the currency for the Transaction is Japanese Yen, the second decimal point of a unit of Japanese Yen.

The Conversion Spread can include two components:

- the spread incorporated into the exchange rate offered to us by the Platform Counterparty for your Trading Platform or, to the extent a Transaction is unhedged, set by us with reference to the exchange rates then being offered to us by the Platform Counterparty; and
- the additional spread (if any) we apply in respect of Transactions on your Trading Platform.

At present, we do not apply an additional spread on any Transactions. We will notify you if we decide to do so.

You can assess the aggregate Conversion Spread you will incur in respect of your profit or loss on Closing Out a Transaction by comparing the exchange rate buy and sell prices on your Trading Platform website.

Example

If your Account was denominated in Australian dollars and who had a USD profit of $8,700 on a Transaction, this amount may be converted as follows:

USD/AUD	= 1.08620 (assumed rate)
Adjustment of 0.75%	= 1.08620 x 0.0075
	= 0.0081465 (in pips)
Actual conversion rate	= 1.08620 – 0.0081465
	= 1.0780535
Converted amt (AUD)	= 8,700 x 1.0780535
	= A$ 9,379.07
Conversion Spread	= A$70.87

The example above is included for illustrative purposes only. It should not be considered to be indicative of the actual Conversion Spread that may be applied.

16.2 Interest on credit and debit Balances

Interest on debit balances

Interest is charged where the Net Free Equity in your Account is in debit. Your Account could go into debit in certain circumstances, e.g. if a market movement against your position occurs, you fail to meet your Margin Requirement and we exercise our right to Close Out some or all of your open positions. If the realised loss is greater than the Net Free Equity of your Account then your Account will go into debit.

The interest rate you will be charged may differ depending on the Trading Platform you use. Interest on debit balances will be calculated daily and applied monthly. See Schedule A for more information about how we calculate interest rates.

No interest on credit balances

Unless otherwise negotiated with us, there is no interest applied where your Net Free Equity is in credit.

If, through negotiation, we offer any interest on any positive Net Free Equity in your Account, then factors which may affect the rate of interest include the type of currency in which the Account is denominated and any discount we apply to the relevant reference interest rate.

The interest credit will be calculated on the Net Free Equity in your Account, being the balance of any cash in your Account (after adjustment for unrealised gains or losses that have been marked to market) and minus your Margin Requirement in respect of all open Transactions.

Interest on credit balances (if we agree to pay interest) will be calculated daily on your Net Free Equity balance and credited within the following calendar month. The Margin Requirement for any open Transaction does not accrue interest.

16.3 Data charges

If you subscribe to a data service through your Trading Platform, the data fees in respect of the service will be charged through your Account (on a straight pass through basis, subject to any currency conversion, to which a Conversion Spread will apply). The cost of the data is dependent on the exchange and the tier of the market data. The data fee will be deducted from your Account on the first business day of each month (except the month in which the data service was first subscribed to).

16.4 Orders over the telephone

We may charge you a fee at our sole discretion of an amount that we see fit, not exceeding the maximum fee (i.e. 2% of the face value of the Underlying Product) for accepting an instruction from you over the telephone to transact. This fee will not be charged if the relevant Trading Platform is not available.

16.5 In the event of default

If you fail to pay, or provide security for, amounts payable to us or fail to perform any of your obligations to us as fully set out in the Client Services Agreement, such as failing to meet your Margin Requirement or if you incur a loss greater than the amount of funds in your Account, we can take steps to protect our position including, for example, by Closing Out some or all of your open positions, to charge interest on any debit balance in your Account (as described in section 16.2) and any other costs incurred by us associated with recovering payment from you.

17. Fees and other charges – CFDs

17.1 Commission

We deduct from your Account a commission (sometimes referred to as a transaction fee) on each CFD trade you make (both on entering into the CFD Transaction and on Closing Out the CFD Transaction). The level of commission we charge you may be subject to negotiation prior to transacting.

Share CFDs

The commission you can expect to pay for transacting in Share CFDs is based either on the full notional value of your CFD Transaction and expressed as a percentage of the contract value with a fixed minimum charge, or on a cents per share basis with a fixed minimum charge dependent on the underlying exchange.

The commission level you will be charged for a CFD Transaction differs depending on:

- the exchange on which the Underlying Securities trade; and
- whether you have negotiated (either with us, or with your financial adviser, acting on our behalf), a rate that is different to the standard rate for transactions on the relevant exchange and for the relevant Trading Platform. For example, we might agree:
  - to accept a commission from you at rates that are lower than our standard rates for your Platform, if you trade a high volume of CFDs; or
  - with you to charge a commission rate that is higher than our applicable standard rate if we give you higher levels of service than normal – you will not be charged a commission rate that is higher than the standard rate for your Trading Platform unless you expressly agree to the higher rate.

Schedule B sets out for each underlying stock exchange:

- our maximum commission rate;
- minimum commission rate;
- standard commission rate; and
- minimum fee.

Additional commissions can be charged for telephone orders (see section 16.4) and for Market Made Transactions (see section 17.3).

Our commission is debited from your Account when you enter into a CFD Transaction and when you Close Out the CFD Transaction. The commission for a CFD trade is calculated as a percentage of the value of the CFD Transaction.

Details of commissions are included in your daily statement. This is an online report that you can access and print upon demand through your Trading Platform website.

Our commissions are subject to change from time to time. For up to date commission rates, please contact one of our representatives.

Index CFDs and Expiring CFDs

For Index CFDs and Expiring CFDs, our commission is built into the spread between the prices, values or levels we offer you to open and Close out a CFD. In general, we do not charge you, or deduct from your Account, any additional commission for Index CFDs and Expiring CFDs but we may, through negotiation, charge you a minimum fee. Please contact one of our representatives for further information.

The 'spread' is the difference between the bid price (the price, value or level at which you can sell the CFD) and the ask price (the price, value or level at which you buy the CFD) and is expressed as a number of 'points' between the bid price and the ask price. A point is the last decimal place to which an Index CFD price or Expiring CFD price is quoted. The value of each point is different depending on the Index CFD or Expiring CFD. The spread reflects the total 'round trip' costs (other than any interest charges or conversion fees that might be applied) for opening and Closing out a CFD Transaction. (This can be contrasted with Commissions on Share CFDs, which are charged once on opening the CFD and then again on Closing the CFD.)

The spread we offer includes two components:

- the spread incorporated into the bid/ask prices offered to us by the Platform Counterparty for your Trading Platform in respect of the Hedge Transaction for your CFD Transaction. The spread incorporated by the Platform Counterparty will reflect market bid/ask spreads for derivatives over the Underlying Product as well as an amount on account of the Platform Counterparty's profit.

  The spread amount will be affected by factors including the transaction size, the term of the product and market conditions such as the liquidity of transactions over the Underlying Product and volatility of the price, value or level of the Underlying Product; and
- an amount on account of the commission we charge in respect of the Index CFD Transaction or Expiring CFD Transaction – we add our commission evenly to the bid and ask components of the spread offered by the Platform Counterparty.

The target spreads set out in Schedule B reflect the standard spreads we offer under normal market conditions, for example where volatility is moderate and liquidity is strong. However, in unusual market conditions, spreads can increase without notice. The variation in these spreads is generally outside of our control (i.e. a spread variation is often reflective of a change to the spread by the Platform Counterparty in respect of the Hedge Transaction).

The spread we quote to you may differ depending on:

(a) the Trading Platform you use – Schedule B sets out for each Underlying Index or Underlying Commodity, Underlying Bond or Underlying Interest Rate and for each Trading Platform, our minimum commission spread, maximum commission spread and target spread (each expressed in points);

(b) market factors (e.g. volatility and liquidity) for the Underlying Index for your Index CFD or the Underlying Commodity, Underlying Bond or Underlying Interest Rate for your Expiring CFD; and

(c) whether you have negotiated (either with us, or with your financial adviser, acting on our behalf), a rate that is different to the target spread for the relevant Transactions (as described above in respect of Share CFDs).

The standard target spreads set out in Schedule B are our standard spreads for normal market conditions unless otherwise negotiated. Thus, when opening an Account with us you should negotiate the most competitive rate that you are comfortable with before you execute a Transaction.

Example 1 – Share CFDs (commission paid on Notional Value)

Assume:

- you purchase 1,000 Share CFDs where the Underlying Security is an XYZ share;
- you bought the CFDs at a price of $10.00;
- the contract value for your CFD Transaction is $10,000 (i.e. the CFD is over 1,000 XYZ shares);
- the Initial Margin Requirement for the CFD Transaction is $500 (i.e. 5% of the contract value);
- the balance of your Account before entering into the Transaction is $1,000;
- the commission rate charged on entry into the Transaction is 2% and on Closing Out the Transaction is 2% (therefore, on entry into the CFD, you will be charged a commission of $200 (i.e. 2% x $10,000), which amount will be deducted from your Account balance when you open the position); and
- you sell the CFD at a price of $10.10 the same day.

On Closing Out the CFD Transaction:

- your Account will be credited with the realised gross profit on the transaction (1,000 x ($10.10 – $10.00) = $100; and
- your Account will be debited with the commission for Closing Out the CFD position of $200 (i.e. 2% x $10,000).

In this example, even though the trading price of the Underlying Security increased by 1%, you made a net loss on the investment of $300 (which equates to 60% of the Initial Margin Requirement for the CFD Transaction) and your Account balance on Closing Out the CFD Transaction will be $700.

This example does not take into account the impact of any other charges (e.g. funding charges).

Example 2 – Index CFDs (commission built into spread)

Assume:

- you purchase 10 S&P/ASX 200 Index CFDs;
- at the time you enter into the Index CFDs, the Index level is 5508.20 and this is reflect on your Trading Platform with a bid price of 5506.00 and an ask price of 5510.40;
- you buy the Index CFD at the 5510.40 ask price;
- the Initial Margin Requirement for the CFD Transaction is $55.10 (i.e. 1% of the contract value);
- the balance of your Account before entering into the CFD Transaction is $1,000;
- at the time you Close Out the Index CFD (which is the same day), the Index level is 5522.60 and this is reflect on your Trading Platform with a bid price of 5520.4 and an ask price of 5524.80;
- you sell the Index CFD at the 5520.40 bid price; and
- the spread charged on a round trip transaction for the Index CFD (i.e. entering into and Closing Out the CFD) is 4.4 points.

The cost of the CFD Transaction has already been incorporated into the level of the Underlying Index i.e. 4.4 points x 10 = $44, which is approximately 80% of the Initial Margin Requirement for the Transaction.

On Closing Out the CFD Transaction your Account will be credited with the realised gross profit on the Index CFD Transaction (10 x (5520.40 – 5510.40)) = $100. The cost of the spread built into the Index levels at which you enter into and Close Out your CFD Transaction is reflected in a reduced profit. For example, had no spread been applied, the index level to open the CFD would have been 5508.20, and the index level to Close Out the CFD would have been 5522.6, meaning that the profit on the CFD Transaction would have been (10 x (5522.6 - 5508.20)) = $144.

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual prices, rates, fees or spreads which might be offered.

17.2 Interest on long and short open positions

Long Position

If you hold a long position overnight you will pay interest (or a financing charge) on the open position contract value. This value is calculated daily and is the quantity of CFDs you hold multiplied by the closing market price, value or level for the Underlying Product on that day.

The interest rate you will be charged may differ depending on the Trading Platform you use. The means of calculating the interest rate for each Trading Platform is set out in Schedule A.

For example, assume:

- you transact through Halifax Pro;
- the monthly interest rate ask as determined by us and set out in our website is 4.25% per annum;
- the interest charge is calculated as 7% per annum over the monthly interest rate ask (i.e. the financing charge rate is 11.25% per annum); and
- you buy a contract for 10,000 CFDs and the closing price was $2.00 per share, the open position value would be $20,000.

The daily interest would be approximately $6.16* for every day the contract is maintained ($20,000 x 11.25% = $2,248 divided by 365).

** The exact amount of interest deducted by us will vary each day, depending on such factors as the closing market price, value or level of the Underlying Products, changes to the holdings within your CFD portfolio and/ or changes to the prevailing interest rate that is applied.*

(We may agree to a lower interest rate charge on a case by case basis.)

Also, if you hold an open position on the last relevant trading day before a day on which the relevant exchange is not open for trading (i.e. if you hold an open position on a Friday, or the last day before a public holiday in the relevant jurisdiction), your daily interest charge will be multiplied by 1 + the number of days before the relevant market opens again (i.e., for a normal weekend, the multiplier is three times).

Interest on long positions is calculated daily and applied monthly.

Short Position

If you hold a short CFD position overnight, we will credit your Account (or, if the calculation gives an amount that is less than zero, we will debit your Account) with interest on the closing contract value of the open position.

The interest rate we will use to calculate the interest credit may differ depending on the Trading Platform you use. The means of calculating the interest rate for each Trading Platform is set out in Schedule A.

For example, assume:

- you transact through Halifax Pro;
- the relevant interest rate, as set out in our website, is 2.5% per annum;
- the interest charge is calculated as 3.0% per annum less than the relevant interest rate, or -0.5% (2.5%-3.0% = -0.5%); and
- you buy a contract for 10,000 CFDs and the closing price is $2.00 per share, the open position value would be $20,000.

The daily interest debited from your Account (because relevant rate determined under the formula above is less than zero) would be approximately $0.27* for every day the contract is maintained ($20,000 x 0.50% = $100 divided by 365).

** The exact amount of interest deducted by us will vary each day, depending on such factors as the closing market price of the Underlying Products, changes to the holdings within your CFD portfolio and/or changes to the prevailing interest rate that is applied.*

(We may agree to a higher interest rate credit (or a lower interest charge, if the calculation gives an amount that is less than zero) on a case by case basis.)

Also, if you hold an open position on the last relevant trading day before a day on which the relevant exchange is not open for trading (i.e. if you hold an open position on a Friday, or the last day before a public holiday in the relevant jurisdiction), your daily interest credit or charge will be multiplied by 1 + the number of days before the relevant market opens again (i.e., for a normal weekend, the multiplier is three times).

Interest on long positions are calculated daily and applied monthly.

The examples above are included for illustrative purposes only. They should not be considered to be indicative of the actual prices, rates, fees or spreads which might be offered.

17.3 Market Made quotes

As mentioned in section 6.3, there are two models for trading in CFDs with us: the DMA model and the Market Made model. If you trade in CFDs using the Market Made model, then incorporated into the commission referred to in section 17.1, will be an additional amount of up to 0.05% of the value of the CFD. This amount is embedded in the spread between the price of the Underlying Product quoted on the relevant exchange and the price we quote for the CFD on that Underlying Product.

Example

Assume your current commission structure is at 0.2% of the CFD nominal value with the nominal value being A$10,000. The costs charged are as follows:

Commission paid	= A$10,000 x 0.2%
	= A$20
Market maker cost	= A$10,000 x 0.05%
	= A$5

The example above is included for illustrative purposes only. It should not be considered to be indicative of the actual prices, rates, fees or spreads which might be offered.

18. Fees and other charges – Margin FX

18.1 Spreads on Margin FX Transactions

The commission you pay is built into the spread that we apply on the Exchange Rates we offer to you to enter into or Close out a Margin FX Transaction. We may charge you a minimum transaction fee of up to US$10 to enter into or Close Out a Transaction (unless otherwise negotiated), in addition to the spread if the minimum trade threshold is not surpassed e.g. if the minimum trade threshold for AUD/USD is 100,000 and you enter into a trade worth 50,000, we may charge a transaction fee in addition to the spread. For further details, please speak with one of our representatives.

The spread is the difference between the bid price (the price at which you can sell) and the ask price (the price at which you can buy) for the Base Currency as against the Terms Currency as quoted on your Trading Platform. The spread is generally expressed as a number of 'pips'. A 'pip' is an abbreviation for the 'price interest point' for an Exchange Rate. A pip generally refers to the fourth decimal point of a unit of the relevant currency for the relevant Transaction but may, in some instances, be expressed in a different decimal point i.e. second decimal point for Japanese Yen. The spread reflects the total 'round trip' costs (other than any Rollover charges or conversion costs that might be applied) for opening and Closing Out a Transaction.

The spread we apply to the Exchange Rates we offer in respect of a Transaction includes two components:-

(a) The spread incorporated into the Exchange Rate offered to us by the Platform Counterparty for your Trading Platform in respect of any Hedge Transaction for the Transaction. The spread incorporated by the Platform Counterparty will:

- reflect the spread in Exchange Rates available to the Platform Counterparty on the interbank market – this will be affected by factors including the Transaction size, the term of the Margin FX product and market conditions such as the liquidity of transactions involving one or both of the currencies in the Currency Pair (for FX Transactions) or the precious metals or precious metal and currency in the Metal Pair (for Metal Transactions) and the volatility of the Underlying Instrument; and
- include an amount on account of the Platform Counterparty’s profit and, to the extent we do not hedge 100% of our exposure, our profit; and

(b) an amount on account of the commission we charge in respect of the Transaction – we add our commission evenly to the bid and ask components of the spread offered by the Platform Counterparty.

The target spreads set out in Schedule B reflect the standard spreads we offer under normal market conditions, for example where volatility is moderate and liquidity is strong for each of the currencies in the Currency Pair (for FX Transactions) or the precious metals or precious metal and currency in the Metal Pair (for Metal Transactions). However, in unusual market conditions, spreads can increase without notice. The variation in these spreads is often outside of our control (i.e. a spread variation is often reflective of a change to the spread by the Platform Counterparty in respect of the Hedge Transaction).

In some circumstances (e.g. where there is market volatility, or where a significant market announcement is expected, or where the Hedge Counterparty is unable to immediately hedge its exposure on the Transaction – e.g. if international FX markets are closed), the spread on a

Transaction might exceed our maximum target spread specified in Schedule B.

You can assess the spread prior to entering into or Closing Out any Margin FX Transaction by comparing the bid and ask exchange rates offered through your relevant Trading Platform.

Schedule B sets out for each Underlying Exchange Rate:

- our minimum spread (expressed in pips);
- our maximum target spread (expressed in pips) (as noted above, in some circumstances the spread on a Transaction might exceed our maximum target spread specified in Schedule B); and
- our standard target spread (expressed in pips).

The spread we quote to you may differ depending on:

- market factors (e.g. volatility and liquidity) for the Underlying Exchange Rate; and
- whether you have negotiated (either with us, or with your financial adviser, acting on our behalf), a rate that is different to the target spread for the relevant Margin FX Transaction.

> The standard target spreads set out in Schedule B are our standard spreads for normal market conditions unless otherwise negotiated. Thus, when opening an Account with us you should negotiate the most competitive rate that you are comfortable with before you execute any Transaction.

Example – Assume:

- you take a long position on Australian dollars by entering into a Margin FX Transaction purchasing $100,000 AUD/ USD (the Long Currency being AUD and the Short Currency being USD);
- the bid price is 0.91165 and the ask price is 0.9120 meaning that there is a spread of 3.5 pips (using the Halifax Pro target spread as outlined in Schedule B);
- you buy the Margin FX at the 0.9120 ask price;
- the Initial Margin Requirement for the Transaction is $1,000 (i.e. 1% of the contract value); and
- the Net Free Equity of your Account before entering into the Margin FX Transaction is $1,000.

Later that day:

- you Close Out the position by entering into a Margin FX Transaction selling $100,000 AUD/USD (the Long Currency being USD and the Short Currency being AUD);
- the bid price is 0.9130 and the ask price is 0.91335; and
- you sell the Margin FX at the 0.9130 bid price.

On Closing Out the Transaction, your Account will be debited with the difference between the two Transactions. In this case, that will be 100,000 x (0.9130 – 0.9120) = $100.

In this example, the difference between the price at which you bought the Margin FX and the price at which you sold the Margin FX was 10 pips and your net profit on the investment was $100 (which equates to 10% of the Initial Margin Requirement for the Transaction). Your Account balance on Closing Out the FX Transaction will be $1,100. This example does not take into account the impact of any other charges (if any).

> The above example is included for illustrative purposes only. It should not be considered to be indicative of the actual rates or prices which might be offered.

18.2 Rollover on open Margin FX Transactions

If you hold an open Margin FX position overnight, a Rollover amount will be debited or credited to your Account. The Rollover amount will be calculated as at 5pm (New York time) each weekday. It is calculated as the product of the Notional Value of the open Margin FX Transaction multiplied by the difference between the interest rate on the Long Currency and the interest rate on the Short Currency, in each case as determined by us, (converted to your Account Currency).

Whether a negative Rollover amount is debited to your Account or a positive Rollover amount is credited to your Account will depend on whether the Long Currency or Short Currency in your Currency Pair or Metal Pair has the higher interest rate. If the interest rate on the Long Currency is higher than the interest rate of the Short Currency, then the Rollover amount will be positive (referred to as a 'positive roll') and will be credited to your Account. By contrast, if the interest rate on the Long Currency is lower than the interest rate on the Short Currency, then the Rollover amount will be negative (referred to as a 'negative roll') and will be debited from your Account.

The interest rates we use to calculate Rollover amounts are variable rates, which vary for each currency. In determining the interest rates on the Long Currency and the Short Currency, we will generally apply the same interest rates as the rates determined by the Platform Counterparty for your Trading Platform in respect of the Hedge Transaction. This will reflect the interest rates in each currency at which the Platform Counterparty can borrow and lend plus the additional spread (if any) charged by the Platform Counterparty at its discretion. We may charge an additional spread on the relevant interest rates in calculating Rollover amounts of up to 175 basis points.

Example – Assume:

- you transact AUD/USD through the Halifax Pro Trading Platform;
- your Long Currency is AUD and your Short Currency is USD;
- the daily interest rate on AUD (as determined by us) is -1.40% per annum;
- the daily interest rate on USD (as determined by us) is -4.12% per annum;
- the interest rate differential between the above rates is -5.82% per annum; and
- you buy a contract for 30,000 AUD/USD and the closing price was 0.7038, the open position would be US$21,114.21.

The daily Rollover would be approximately $4.78* for every day the FX Transaction is open: (30,000 multiplied by 5.82% divided by 365).

** The exact amount of Rollover calculated by us will vary each day, depending on such factors as the closing market price of the Underlying Exchange Rate and/or changes to the prevailing interest rate that is applied.*

Also, if you hold an open position on the last relevant trading day before a day on which the market is not open for trading (i.e. if you hold an open position on a Friday, or the last day before a public holiday in the relevant jurisdiction), your daily Rollover amount will be increased to account for the non-trading days before the relevant market opens.

19. Fees and other charges – FX Options

19.1 Spread for FX Options

We charge a spread on the Premium we offer for you to enter into or Close Out FX Options. The spread is the difference between the bid price (the Premium you receive when you sell an FX Option) and the ask price (the Premium you pay when you buy an FX Option). The spread is generally expressed as a dollar amount. In addition, we may charge you a transaction fee for each FX Option traded (see section 19.2 for details).

The spread we apply on FX Options includes two components:-

(a) The spread incorporated into the Premium offered to us by the Platform Counterparty for your Trading Platform in respect of the Hedge Transaction for your Transaction. The spread incorporated by the Platform Counterparty will be affected by factors including:

  (i) the factors described in section 8.5 regarding the calculation of the Premium, including:

    (A) time value;

    (B) implied volatility; and

    (C) rate of change in price of Underlying Instrument; and

  (ii) an amount on account of the Platform Counterparty's profit and, to the extent we do not hedge 100% of our exposure, our profit; and

(b) an amount on account of our commission in respect of FX Options – we add (or subtract) our commission evenly to the bid and ask components of the FX Option spread offered by the Platform Counterparty.

The spread applied will differ depending on a combination of the Exchange Rate that is agreed for the Transaction and the particular Currency Pair or Metal Pair. However, in each case the amount applied will be the difference between:

- the bid price or ask price (as the case may be); and
- the mid-point between the bid price and the ask price.

Schedule B sets out our standard spreads (applicable to all Trading Platforms). Note that these spreads are not fixed and could vary from FX Option to FX Option. For any particular FX Option, you can assess the spread offered by comparing the bid price and the offer price.

19.2 Transaction fee for FX Options

In addition to the spread, you may also be charged a transaction fee on each FX Option Transaction that you enter into or Close Out.

We may charge you a minimum transaction fee in addition to the spread if the minimum trade threshold for the underlying Notional Value is not surpassed i.e. if the minimum trade threshold for AUD/USD is 100,000 and you enter into a trade worth 50,000, we may charge a transaction fee in addition to the spread. For further details, please speak with one of our representatives.

See Schedule B for more information about the transaction fees we may charge.

20. Transaction confirmations

Once you have entered an order into one of the Trading Platforms, the system will automatically report the main elements of that order to you in a 'pop up' window. This is a 'preliminary notification' and provides to you a quick reference point for your trade and for your convenience that will enable you to print a confirmation of the primary data, including the quantity, price, value or level and the date and time the order was transmitted to us. It is not designed to comply with the requirements for a transaction confirmation under the Corporations Act. Once your order has been executed you can obtain a comprehensive trade confirmation by accessing the daily statement online. This is an online report that you can access and print upon demand and highlights all of the particulars concerning the transaction in accordance with the Corporations Act.

We refer you to our website which provides samples of various 'pop-up' screens which are part of the functionality of the various Trading Platforms and in particular, refer you to the sample trade confirmation.

If you have provided us with an email or other electronic address, you consent to confirmations being dispatched to you electronically, including by way of the information posted to your Account in the Trading Platform. It is your obligation to review any confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours. Confirmations can be viewed electronically through the Trading Platform and from daily statements (an example of a daily statement is available on our website).

21. Dealing with your money

Unless you are an Exempt Wholesale Client, money that you pay to us (or which is paid to us or received by us on your behalf) in connection with any CFDs or FX products offered by us ('clients' money') will generally be subject to the Clients' Money Rules.

21.1 Clients' trust accounts

Among other things, the Clients' Money Rules provide that clients' money is taken to be held in trust by us for the benefit of our clients and require us to ensure that clients' money is paid into an account maintained by us with an Australian bank or other authorised deposit-taking institution and which we designate as an account for the purposes of the Clients' Money Rules (clients' money trust account).

Clients' money will generally include money that you pay to us for crediting to your Account (including to satisfy your Margin Requirement) and any money due to you in relation to dealings in CFDs or FX products.

We are required to maintain segregation of clients' money trust accounts which means that the money which can be paid into the account is generally limited to clients' money and interest earned thereon. Although segregated from our own funds, your clients' money will generally be co-mingled with other clients' money in our clients' trust accounts.

We are entitled to pay money out of clients' money trust accounts for various purposes, including:

- making a payment to you, or in accordance with your written direction, in respect of clients' money to which you are entitled;
- defraying brokerage and other proper charges (e.g. our commissions, fees and other charges referred to in sections 16 to 19);
- making a payment to us of money to which we are entitled (e.g. credited interest except to the extent we have agreed to credit any interest to your Account); and
- making a payment that is otherwise authorised by law.

Since 4 April 2018, we have not been entitled to use clients' money for meeting an obligation incurred by us in connection with a Hedging Transaction except to the extent the Hedging Transaction was or will be cleared through an authorised clearing and settlement facility and the obligation was incurred under the operating rules of that facility (note this will not usually be the case for Hedging Transactions in respect of the CFDs and FX products we offer under this PDS).

21.2 Limitation on protections afforded by clients' trust accounts

It is important to note that our holding your moneys in one or more clients' trust accounts may not afford you absolute protection.

The purpose of clients' trust accounts is to segregate clients' money from our own funds. However, your clients' money will be co-mingled with the clients' money of our other clients into one or more clients' trust accounts.

Should there be a deficit in a clients' trust account and we become insolvent, you will be an unsecured creditor in relation to the balance of clients' moneys owing to you.

21.3 Record-keeping, reconciliation and reporting requirements

Under the Clients' Money Rules, we are required to comply with various record-keeping, reconciliation and reporting obligations in relation to any 'reportable client money' we hold. 'Reportable client money' is money held by a retail client in connection with OTC derivatives or overseas exchange-traded derivatives (such as foreign futures contracts).

We will assess clients as wholesale clients or retail clients from time to time. If you satisfy the criteria to be classified as a wholesale client we may classify you as such. We are under no obligation to inform you if we classify you as a wholesale client.

21.4 Exempt Wholesale Clients

The Clients' Money Rules do not apply in respect of Exempt Wholesale Clients.

An Exempt Wholesale Client is a client who we have assessed to be a wholesale client under the Corporations Act other than a 'sophisticated investor' under section 761GA of the Corporations Act.

Unless otherwise agreed with the client or required by law, we do not propose to hold clients' money of Exempt Wholesale Clients in clients' trust accounts or otherwise comply with the Clients' Money Rules in respect of Exempt Wholesale Clients.

22. Market information

We may make available to you through one or more of our services, a range of financial information that is generated internally or obtained from agents, vendors or partners (third party providers). This includes financial market data, quotes, news, analyst opinions and research reports, graphs or data ('Market Information').

The following is a list of the current providers of Market Information.

- Australian Financial Review – www.afr.com.au
- Bloomberg LP – www.bloomberg.com;
- Thomson Reuters – www.reuters.com;
- Interactive Brokers LLC – www.interactivebrokers.com;
- IRESS Market Technology Ltd – www.iress.com.au;
- Macquarie Group Limited – www.macquarie.com.au/mq/prime/home.htm;
- Pats Systems PLC – www.patsystems.com;
- Barclays Capital (Barx System) – www.barx.com;
- Deutsche Bank AG (Autobahn) – www.autobahn.db.com;
- various financial web sites globally;
- various financial news networks including CNBC, Bloomberg;
- various Australian and global newspapers;
- various specific industry notable individuals; and
- various Australian and Global banks and financial institutions.

As Market Information comes from a variety of different sources, the quality of advice could vary. Advice based Market Information means that, by accepting advice from us, you acknowledge that the Market Information may have come from one or more of these sources and therefore, have determined that you accept this risk.

Unless otherwise instructed, Market Information provided by us via email or through our website is not intended as advice by us. We may or may not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. We, and our third party providers, do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.

Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither we, nor the third party providers, are obliged to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.

23. No cooling off arrangements

There are no cooling-off arrangements for the CFDs or FX products offered by us. This is consistent with other issuers of similar financial products. This means that when you enter into a transaction in a CFD or FX Transaction with us, you do not have the right to cancel the Transaction, nor request a refund of the money paid to acquire any financial product. Should you change your mind after entering into a Transaction, you should Close Out your position by entering into an opposite transaction (although loss may be incurred in doing so).

24. Taxation implications

Trading in the CFDs and FX products we offer has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client. We do not provide tax advice and we recommend you seek your own professional tax advice and the impact any profits or losses generated from trading may have on your overall tax position.

Notwithstanding, the following information is provided and should be regarded as general information only.

24.1 Regime for taxing CFDs and FX products

The Australian Taxation Office (**ATO**) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs and Margin FX. A copy of Taxation Ruling 2005/15 is available at the ATO's website, ,www.ato.gov.au. Investors should note that this is a public ruling for the purpose of Part IVAAA of the *Taxation Administration Act* 1953 (Cth) and therefore, if the ruling applies to you, the Commissioner of Taxation is bound to assess you on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall.

24.2 Profits and losses on CFDs and FX products

Any gains derived or losses incurred by you in respect of a Transaction should be included in your assessable income. When calculating the amount of profit or loss, you need to consider:

(a) for CFDs, the difference between the Closing Value and the Open Contract Value, and any fees dividend amounts, distributions and interest on open CFD positions paid or received by you; and

(b) for FX products, the difference between the Notional Value of the position open and close, and any fees and Rollover amounts on open Transactions paid or received by you.

You should seek independent taxation advice if you hold CFDs or FX products for the purpose of trading.

24.3 Rollover and interest amounts on your Account

Any Rollover or interest benefits received by you in respect of your Transactions should be included in your assessable income. In most cases this will be at the time the Rollover or interest is credited to your Account. Rollover or interest payable by you in respect of your Account (including default interest) should be allowable as a deduction at the time it is debited against your Account.

24.4 Tax File Number withholding rules

The Tax File Number withholding rules only apply to certain investments (referred to in this paragraph as 'Special Investments') as set out in the income tax legislation. CFD and FX products are not Special Investments for the purposes of the Tax File Number withholding rules.

24.5 Other fees, charges or commissions

In circumstances where a Transaction gives rise to gains that are assessable or losses that are deductible, any fees other than charges or commissions should be allowable as a deduction at the time they are paid by you and debited against your Account.

25. Dispute resolution

We want to know about any problems or concerns you may have with our services so we can take steps to resolve the issue. We have internal and external dispute resolution processes in place to resolve any complaints or concerns you may have, quickly and fairly. A copy of these procedures may be obtained by contacting us and requesting a copy.

Any complaints or concerns should be directed to us (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in section 1, or by email to our Operations Manager – compliance@halifaxonline.com.au.

We will provide acknowledgement of receipt of written complaints within five business days, and seek to resolve and respond to complaints within 30 business days of receipt. We will initially investigate your complaint internally, and provide you with our decision, and the reasons on which it is based, in writing.

If you are a retail client who is dissatisfied with the outcome, you have the right to lodge a complaint with the Financial Ombudsman Service Ltd (contact details below), an approved external dispute resolution scheme, of which we are a member (membership number is F-3307).

Note that there is a prescribed limit for complaints made to FOS.

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne Vic 3001

Toll free: 1300 78 08 08

Facsimile: +61 3 9613 6399

Email: info@fos.org.au

Website: www.fos.org.au

You may also make a complaint to ASIC via the ASIC free call Infoline on 1300 300 630.

26. Privacy

We have a Privacy Policy which outlines the obligations we have in managing the personal and sensitive information we hold about our clients, potential clients, and others. If you would like to view a copy of the Privacy Policy, please visit our website.

27. Glossary and interpretation

The meanings of some of the terms used in this PDS are set out below.

Term	Meaning
Account	The record kept by us of the amount of funds you have provided to us in respect of a Trading Platform, as adjusted for: (a) profits and losses realised on the Close Out of Transactions through the Trading Platform; (b) the payment or withdrawal of cash to or by us from or to you; (c) interest (including financing charges and default interest) debited or credited to your Account; (d) commissions, and other fees charged to the Account; (e) credits and debits for any Rollover Amounts payable to or by you; and (f) other adjustments in accordance with the Client Services Agreement.
Account Currency	The currency in which your Account in respect of a Trading Platform is denominated.
ASIC	Australian Securities and Investments Commission.
ASX	The Australian Securities Exchange operated by ASX Limited.
A$ or AUD	Australian dollar.
Base Currency	Base Currency for a Transaction means the currency or precious metal in which the Notional Value of the Transaction is denominated (being either the Long Currency or the Short Currency).

Term	Meaning
Cash Settled	An FX Option that, if exercised, will result in an adjustment to your Account to reflect the difference of: (a) the Notional Value of the FX Option multiplied by the Exercise Rate; and (b) the Notional Value of the FX Option multiplied by the level of the Exchange Rate for the Currency Pair or Metal Pair that we would offer to enter into a Margin FX Transaction with you at on the Expiry Date. This process is called 'Cash Settlement'.
CFD or **CFD Transaction**	A contract for difference that concludes with the parties settling the difference between the purchase price and sale price of an Underlying Product. The CFDs covered by this PDS are Share CFDs, Index CFDs and Expiring CFDs.
Clients' Money Rules	Division 2 of Part 7.8 of the Corporations Act and Part 7.8 of the *Corporations Regulations 2001* (Cth).
Client Services Agreement:	The agreement between you (the client) and us titled 'Client Services Agreement'.
Close Out	To close out an open Transaction by entering into an equal and opposite offsetting Transaction. To close out a bought or long position requires selling, and closing out a sold or short position requires buying.
Conversion Spread	The spread we apply to the exchange rate used to convert a gain or loss on a Margin FX Transaction from the Terms Currency back to your Account Currency as described in section 16.1.
Corporations Act	Corporations Act 2001 (Cth).
Currency Pair	The two currencies involved in an FX Transaction, being the Base Currency and the Terms Currency.
Default Liquidation threshold	The limit of Margin Utilisation allowed by us before liquidation of your portfolio occurs.
DMA model	The Direct Market Access ('DMA') model is a model for CFD quotation by us where the price or value of the CFD is the same as the price or value of the Underlying Product i.e. we do not apply a spread to those prices or values.
European Option	An FX Option which can only be exercised at the Exercise Rate on the Expiry Date.
Exchange Rate	The price at which one currency or precious metal can be bought or sold in exchange for another currency or precious metal at an agreed rate. For example, the exchange rate for one Australian dollar as against US dollars may be AUD/USD 0.9000. This means that one Australian dollar is equal to, or can be exchanged for, 90 US cents.
Exempt Wholesale Client	A client to whom we provide a financial product or service contemplated by this PDS in one or more of the scenarios contemplated by section 761G(7) of the Corporations Act.
Exercise Price or **Exercise Rate**	The predetermined Exchange Rate agreed by the buyer and the seller of an FX Option as the Exchange Rate for the notional Margin FX Transaction that forms the Underlying Instrument.
Expiring CFD	A CFD whose value fluctuates by reference to the fluctuations in value of futures contracts over the Underlying Commodity, Underlying Bond or Underlying Interest Rate.

Term	Meaning
Expiry Date	The date on which an FX Option expires or matures.
Foreign Currency Transaction	(a) In respect of a CFD, a Transaction in respect of which the Underlying Product is denominated in a currency other than the base currency for your Account (generally AUD). (b) In respect of a an FX product, a Transaction in which the Terms Currency and/or Base Currency is in a currency other than the Account Currency.
Forward Points	The adjustment to the Exchange Rate offered for a Transaction that is an FX Forward.
FX Forward	A Margin FX Transaction where the Value Date is greater than Spot.
FX Option or **FX Option Transaction**	A contract where the buyer pays a Premium to the seller in exchange for the right, but not the obligation, to enter into a Margin FX Transaction with the seller at a predetermined Exchange Rate (called the "Exercise Rate") on the Expiry Date. The seller receives the Premium and has an obligation to enter into a Margin FX Transaction if the seller validly exercises its right.
FX Spread	The spread we apply in converting the foreign currency in respect of a Foreign Currency Transaction, in connection with a conversion fee, as described in section 18.4.
FX Transaction	A Margin FX Transaction where the Underlying Exchange Rate relates to a Currency Pair.
Halifax	Halifax Investment Services Pty Ltd (ACN 096 980 522).
Halifax Plus or **Halifax Pro**	Each is a proprietary Trading Platform of Halifax.
Hedge Transaction or **Hedging Transaction**	A derivative that we may enter into with a Platform Counterparty through which we hedge our exposure under a Transaction.
Index CFD	A CFD whose value fluctuates by reference to the fluctuations in value of an Underlying Index or, if the value of the Underlying Index is not available from the relevant exchange, our valuation of the Underlying Index at our discretion.
Initial Margin	The minimum amount of Net Free Equity that a client must in their Account balance in order to enter into a Transaction.
Long Currency	The currency in a Currency Pair or the precious metal in a Metal Pair that a client chooses as the Long Currency in a Margin FX Transaction. If the Long Currency appreciates relative to the Short Currency the client will make a profit on the Margin FX Transaction.
Margin Call	A demand for additional funds to be transferred to your Account to meet Margin Requirements either because of adverse price movements (Variation Margin) or an increase in Initial Margin requirements.
Margin FX or **Margin FX Transaction**	An agreement between you and us to trade the difference arising from movements in the level of an Underlying Exchange Rate comprising an Exchange Rate relating to two currencies, two precious metals or a currency and a precious metal.
Margin Requirement	Initial Margin as adjusted by any Variation Margin used to cover credit risk.

Term	Meaning
Margin Utilisation	The proportion (expressed as a percentage) of your Account balance which you are utilising at any time for your Margin Requirement.
Market Made model	A model for CFD quotation by us in which the price or value of the CFD differs from the price or value of the Underlying Product as a result of us applying a spread to those prices or values.
Metal Pair	The precious metals or precious metal and currency involved in a Metal Transaction, being the Base Currency and the Terms Currency.
Metal Transaction	A Margin FX Transaction where the Underlying Exchange Rate relates to a Metals Pair.
Net Free Equity	The balance of your Account minus your Margin Requirement in respect of all open Transactions less any unrealised profit or loss.
Notional Value	The face value of a Transaction denominated in the Base Currency.
OTC	Over the counter (not dealt with on any exchange) contracts or products that are traded (and privately negotiated) directly between two parties.
PDS	This product disclosure statement, as supplemented from time to time by any supplementary product disclosure statement.
Platform Counterparty	A hedge counterparty with which we may hedge some or all of our exposure to a Transaction entered into through a particular Trading Platform. A Platform Counterparty may also provide the infrastructure for a Trading Platform.
Premium	The price of an FX Option Contract i.e. the amount the buyer pays and the seller receives for the rights conveyed by the option.
Pricing Source	In respect of: (a) a Share CFD, the bid price, ask price or last trade price for the Underlying Security as published by the relevant Exchange, as determined by us; (b) an Index CFD, the level of the Underlying Index last published by the sponsor of the Underlying Index; (c) an Expiring CFD, the price, value or level of the Underlying Commodity, Underlying Bond or Underlying Interest Rate as published by a reputable pricing provider as determined by us and specified on the relevant Trading Platform website; or (d) in respect of a Margin FX product, the Underlying Exchange Rate as published by a reputable pricing provider as determined by us and specified on your Trading Platform, or, in each case, such other price, value or level as we may determine, acting reasonably.
RBA	Reserve Bank of Australia.
Rollover	The net interest return or payment on a Transaction held overnight.
Share CFD	A CFD whose value fluctuates by reference to the fluctuations in value of an Underlying Security or, if the value of the Underlying Security is not available from the relevant exchange, then our valuation of the Underlying Security at our discretion.

Term	Meaning
Short Currency	The currency in a Currency Pair or Metal Pair you select as the Short Currency. If the Short Currency depreciates relative to the Long Currency in respect of a Margin FX Transaction, you may profit on the Transaction.
Spot or Spot Contract	A Margin FX Transaction where the Value Date is standardised and non- negotiable, usually being two business days from the trade date or (T+2).
Spot Settled	An FX Option Transaction that, if exercised, will result in the buyer and the seller entering into a Margin FX Transaction at the Exercise Rate.
Spread	The difference between the bid price (the price for which you can sell at) and the ask price (the price for which you can buy at) for the relevant Exchange Rate or FX Option.
Terms Currency	The currency in the Currency Pair or Metal Pair for a Margin FX Transaction that is not the Base Currency.
Trading Platform	The electronic trading platform through which you access and trade CFDs and/or FX products, as described in section 13. Each Trading Platform has one or more Platform Counterparties.
Transaction	Each CFD, Margin FX or FX Option entered into by you and us pursuant to the Client Services Agreement and this PDS.
Underlying Bond	The underlying bond to which an Expiring CFD relates.
Underlying Commodity	The underlying commodity to which an Expiring CFD relates.
Underlying Exchange Rate	For each Margin FX Transaction, the price of the Base Currency in terms of the Terms Currency.
Underlying Index	The underlying index, calculated by the relevant exchange or, if the value of the Underlying Index is not available from the relevant exchange, then by Halifax, with respect to a parcel of shares or the market as a whole, to which the Index CFD relates.
Underlying Instrument	(a) For each Margin FX Transaction, an Underlying Exchange Rate. (b) For each FX Option Transaction, the notional Margin FX Transaction agreed between the buyer and the seller.
Underlying Interest Rate	The underlying interest rate to which an Expiring CFD relates.
Underlying Product	(a) In respect of a CFD, the Underlying Security, Underlying Index or Underlying Commodity to which the CFD relates. (b) In respect of an FX product, the Underlying Exchange Rate to which the relevant Margin FX transaction relates.
Underlying Security	The underlying security (share) to which a Share CFD relates.
USD	United States Dollar.
Value Date	The date on which parties agree to settle their respective obligations by exchanging payments for a Margin FX Transaction.

Term	Meaning
Variation Margin	The difference between the current value of a contract and the previous valuation, this mark to market valuation could represent an additional amount required to meet the difference in prices.

27.1 Interpretation

In this PDS, unless a contrary intention appears:

(a) any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this PDS;

(b) the singular includes the plural and vice versa and a reference to a gender includes all other genders;

(c) where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning;

(d) the words ‘include’ and ‘including’ and similar expressions, when introducing a list of items, do not limit the meaning of the words to which the list relates to those items or to items of a similar kind; and

(e) a reference to:

  (i) a person includes an individual, corporation, firm, partnership, joint venture, unincorporated body, government and governmental authority or instrumentality;

  (ii) a party to a document, includes that person's successors, permitted substitutes and permitted assigns;

  (iii) a section, Annexure or Schedule is to a section of, or an Annexure or Schedule to, this PDS;

  (iv) this PDS or another document includes that document as amended, varied, supplemented, novated or replaced from time to time; and

  (v) legislation or a provision of legislation includes all regulations, orders or instruments issued under that legislation or provision and any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision.

ANNEXURE 1 – ORDERS TYPES

1 Important notice

When you request to place an order (i.e. instruction to open or Close Out a transaction) of one of the types described in this Annexure 1, we have an absolute discretion whether or not to accept and execute any such request. Our discretion includes 'stop loss' orders, 'market' orders, 'market-on-open' orders, 'stop entry' orders, 'one-cancels-other' orders, 'if done' orders and any other order type established and defined on the relevant Trading Platform from time to time.

Our rights to refuse your request to receive/place an order (to establish a new position or amend an existing open position) are set out in the Client Services Agreement. You should refer to this Annexure 1 for the circumstances in which we may exercise our discretion not to accept your order.

We, via the Trading Platforms, provide continuous quotations in the CFDs and FX products offered by us. There is no pre-determined percentage or amount by which the quoted price, value or level of a CFD or FX product can vary from the price, value or level previously quoted on the relevant Trading Platform. Any quotation provided by us is valid for as long as it is displayed on the Trading Platform. You should ensure that you enter any order to trade immediately if the price (price, value and level collectively referred to as 'price' for the purposes of this Annexure 1) quoted is a price at which you wish to trade. We reserve the right to amend the quotations offered at any time.

We may, at our absolute discretion, quote different prices to different clients (for example due to different order sizes). You will always have the option to either accept or reject any quotation displayed on the relevant Trading Platform, although if you delay in accepting the price, it may no longer be available at a later time.

2 Description of order types

2.1 Market orders

A 'market order' is an order to be filled immediately at the best price available and may be used to enter into a position or Close Out an open position at the current quoted price at which we are willing to deal. We will endeavour to execute market orders at the price displayed on the relevant Trading Platform and at the time the order is transmitted from software provided by us.

You cannot enter market orders into the relevant Trading Platform outside of the trading hours of the relevant exchange. Trading hours of the relevant exchanges are available by viewing the relevant exchange website (see section 6.7).

2.2 Market-on-open orders

For the DMA model (see section 6.3), a 'market-on-open order' is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant exchange i.e. to buy/sell at the beginning of a trading session of the relevant exchange at a price within the opening range of that exchange.

For the Market Made model (see section 6.3), a 'market-on-open' order is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant Trading Platform i.e. to buy/sell at the beginning of a trading session at a price within the opening range on the relevant Trading Platform.

Market-on-open orders will be filled on a time priority basis in terms of when the orders have been received by us. Market-on-open orders for CFDs where the Underlying Product is a share listed on the ASX or the S&P/ASX 200 Index will be accepted up until 9:50am on any day on which the ASX is open for trading and will be cancelled after the ASX market opens if it not executed. For details of the cut-off times for accepting market-on-open orders for CFDs where the Underlying Product is a share listed on an international exchange or an index calculated by an international exchange, please contact us.

Market-on-open (buy) orders

For the DMA model, a market-on-open (buy) order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price on the exchange trades at a price equal, or inferior, to the price at which you have placed your order.

For the Market Made model, a market-on-open buy order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price offered by us on the relevant Trading Platform trades at a price equal, or inferior, to the price at which you have placed your order.

Market-on-open (sell) orders

For the DMA model, a market-on-open sell order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price on the relevant exchange trades at a price equal, or superior, to the price at which you have placed your order.

For the Market Made model, a market-on-open sell order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price offered by us on the relevant Trading Platform trades at a price equal, or superior, to the price at which you have placed your market-on-open sell order.

2.3 Market-on-close orders

For the DMA model, a 'market-on-close' order is an order placed with the aim of executing a trade at a price within the closing range of the Underlying Product as traded on the relevant exchange i.e. to buy/sell at the end of a trading session of the relevant exchange at a price within the closing range of that exchange.

For the Market Made model, a 'market-on-close' order is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant Trading Platform i.e. to buy/sell at the beginning of a trading session at a price within the opening range on the relevant Trading Platform.

Market-on-close (buy) orders

For the DMA model, a market-on-close buy order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price on the relevant exchange trades at a price equal, or inferior, to the price at which you have placed your order.

For the Market Made model, a market-on-close buy order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price offered by us on the relevant Trading Platform trades at a price equal, or inferior, to the price at which you have placed your order.

Market-on-close (sell) orders

For the DMA model, a market-on-close sell order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price on the relevant exchange trades at a price equal, or superior, to the price at which you have placed your order.

For the Market Made model, a market-on-close sell order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price offered by us on the relevant Trading Platform trades at a price equal, or superior, to the price at which you have placed your order.

2.4 Stop loss orders

A 'stop loss' order is an order placed with the aim of limiting or minimising the potential loss on an open position. It is an order that becomes a market order only when the Underlying Product trades (in the case of the DMA model for CFDs, on the relevant exchange, and otherwise on the relevant Trading Platform) at the price you specify or at an inferior price.

Stop loss orders must be placed a minimum distance (in terms of quotation points) from our current bid and offer prices. The minimum distance away for a stop loss order placement is specific to the individual Trading Platform you use. Please contact us for further information as to the minimum distance required.

Stop loss orders placed on CFDs and FX products will be filled if the price offered by us on the relevant Trading Platform is traded at prices equal, or inferior, to the price at which you have placed your order (subject to there being sufficient liquidity). Stop loss orders are processed in price level, and then time received, order. If liquidity is insufficient at your price level, your stop loss order may be filled at prices inferior to those at which they were originally placed.

Stop loss orders placed on CFDs and FX products may be filled if the price quoted by us is equal, or inferior, to the price at which you have placed your order. Your stop loss orders may also be filled at prices inferior to those at which they were originally placed.

We will execute a stop loss order once the following conditions are met:

- our offer price has reached the stop loss order price in the case of a buy order, or our bid price has reached the stop loss order price in the case of a sell order; and
- the price offered by us on the relevant Trading Platform has traded at or through the level at which the stop loss order is placed.

If 'gapping' occurs in the underlying market and as a result, the price offered by us on the relevant Trading Platform also gaps through your specified price (stop level), then the stop loss order will be executed at the next available price.

Due to the above factors, we do not guarantee that your stop loss order will be executed at the same price you requested.

2.5 Stop entry orders

A 'stop entry' order is an order placed to open a new position or increase an existing open position at a price which is inferior to the current price offered by us (in the case of the DMA model, based on the relevant exchange, otherwise on the relevant Trading Platform). You may use this type of order when you expect that the price will move significantly in a particular direction from its existing price.

Also note that stop entry orders must be placed a minimum distance (in terms of quotation points) from the current bid and offer prices. The minimum distance for a stop entry order is specific to the individual Trading Platform you use. Please contact us for further information as to the minimum distance required.

We recommend that you contact us before you begin trading to determine if the CFD or FX product based on the Underlying Product you wish to trade allows the use of stop entry orders. Depending on the CFD or FX product and the Trading Platform used, you may or may not be permitted to place stop entry orders.

2.6 Market if touched order

A 'market if touched' order is an order that becomes a market order when the price offered by us (in the case of the DMA model, based on the relevant exchange, otherwise on the relevant Trading Platform) trades at a specified price at least once. In other words, if the market touches your specified order price then your order is executed by us at the next available price. Order placement only occurs when your pre-set trigger level (or market condition) is met.

Market if touched orders must be placed a minimum distance (in terms of quotation points) from the current bid and offer prices. The minimum distance for a market if touched order is specific to the individual Trading Platform you use. Please contact us for further information as to the minimum distance required.

2.7 Limit orders

A 'limit' order is an order that can only be filled at a specified price or better and may be used by you to either open or Close Out an open position at a pre-determined price that is more favourable to you than the current price. We will execute your limit order when one or more of the following conditions are met:

- our offer price has reached the price of your buy limit order or our bid price has reached the price of your sell limit order; or
- our offer price on the relevant Trading Platform has been bid or offered at your limit order price.

Limit orders may be executed at a level that is more favourable to you than the predetermined price you selected when placing the limit order. This will usually be where the price offered by us on the relevant Trading Platform is more favourable to you than the limit order you have placed.

Where your limit order is not executed due to, for example, a lack of liquidity it would remain subject to the above conditions of execution with us at the limit price set by you.

You cannot enter limit orders outside of trading hours (see section 14).

2.8 One-cancels-other orders

An 'one-cancels-other (**OCO**) order comprises two orders, one of which cancels the other when filled i.e. it is the combination of both a limit order and a stop loss order where the execution (or cancellation) of one order will automatically cancel the other order. It is an order type that may be used to Close Out an open position and take a profit if the underlying market of the relevant exchange moves favourably for an open position or to potentially limit the loss if the underlying market moves against the open position. It may also be used to open a new position.

This order is linked to if done orders (see section 2.9 of this Annexure 1). If you place both of these orders at the same time and the if done order is triggered then the OCO order will automatically be implemented.

2.9 If done or contingent orders

An 'if done' (also known as a 'contingent') order also comprises two orders, where the second of the two orders only becoming active should the first order be executed.

For example, you may place an if done order with a limit order. In this situation, if the limit order is executed, then the if done order comes into effect. This order type is linked to OCO orders described in section 2.8 of this Annexure 1.

2.10 Good 'til cancelled orders

A 'good 'til cancelled' (**GTC**) order means that the order you place will remain in the relevant Trading Platform until it is either executed according to the terms of that order or cancelled by you.

We reserve the right to cancel a GTC order due to, among other things, insufficient excess monies in your Account (see section 12 for information about circumstances in which we may exercise our discretion to Close Out your position).

2.11 Standing order

A 'standing' order means an instruction to execute an order for a specified volume on a recurring basis if triggered unless otherwise cancelled.

We reserve the right to cancel a standing order due to, among other things, insufficient excess monies in the client Account (see section 12 for information about circumstances in which we may exercise our discretion to Close Out your position).

3 Order durations

Conditional orders (for example limit orders, stop loss orders and OCOs) can be placed as day orders or GTC orders as described in section 2.10 of this Annexure 1.

A 'day' order means that the order you place will remain active for that trading day only i.e. it will automatically be cancelled by us at the close of the trading day on the relevant exchange.

Day orders will only be cancelled by us if they are not executed or are cancelled by you before this time. Should you wish to maintain that order in the Trading Platform for the next trading day of the relevant exchange, you will have to re-submit the order.

Please note that a day order and a day trade are not the same thing.

- A day order is an order that is 'good for the day' on which it is placed. This may or may not be executed (depending upon market activity) and will be cancelled by us if unexecuted at the close of the trading day on the relevant exchange.
- A 'day trade' is a set of executed transactions that result in a position being opened in a CFD or FX product and Closed Out on the same day. In other words, it is a transaction that was only open for the one day.

4 Cancelling orders

If you Close Out a position, you must ensure that you cancel all and any related orders you have placed against that previously open position. This is particularly important for if done orders (which includes a combination of two separate orders). We urge you not to Close Out one order without considering the consequences of another order left open with us. Failure to do so will mean that the order remains at risk of execution.

If you wish to cancel any orders, they may be cancelled using the Trading Platform that you are using at a time when the Trading Platform is available to process the cancellation i.e. the same as the trading hours (see section 14).

5 Summary of Orders Types

To summarise, the following table sets out in simplified terminology a description of the order types described in section 2 of this Annexure 1.

Order Type	Code	Description
Market	MKT	An order filled immediately at the best price available.
Market-on-open	MOO	To buy/sell at the market price at the beginning of a trading session of the relevant exchange at a price within the opening range of the relevant exchange.

Market-on-close	MOC	To buy/sell at the market price at the end of a trading session of the relevant exchange at a price within the closing range of the relevant exchange.
Stop loss	S/L	An order that becomes a market order only when the price offered by us on the relevant Trading Platform trades at a specified price.
Stop entry	S/E	An order placed to open a new position or increase an existing open position at a price which is inferior to the current price offered by us.
Market if touched	MIT	A price order that becomes a market order when the price offered by us on the relevant Trading Platform trades at a specified price at least once.
Limit	LMT	An order that can be filled only at a specified price or better.
One cancels the other	OCO	An order that includes two orders, one of which cancels the other when filled. Also referred to as one-cancels-other.
If done	ID	An order that includes two orders, where the second of the two orders only becoming active should the first order be executed.
Good 'til cancelled	GTC	An order which remains in the relevant Trading Platform until it is either executed according to the terms of that order or cancelled by you.
Standing	SO	A Standing Order means an instruction to execute an order for a specified volume on a recurring basis if triggered, unless otherwise cancelled.

SCHEDULE A

Trading Platform	Interest	CFD Interest (financing charge)	Borrowing Cost	Conversion Cost
Halifax Pro and Halifax Plus	Unless otherwise negotiated with us, there is no interest applied on accounts with positive Net Free Equity. If the account contains a negative Net Free Equity, we will charge interest on the account at the daily underlying RBA ask rate plus 7.00% of the underlying base currency (for example, if your account held AUD, and the AUD RBA is 2.00% per annum, you will be charged interest at a rate of 9.00% per annum).	If you hold a position overnight you will pay interest (or a financing charge) on the open position market value. Unless otherwise negotiated, the interest rate charged on long positions is RBA ask rate plus 7.00%. If you are short a Single Stock CFD position overnight, you will receive interest at the RBA bid rate minus 2.50% (if the RBA bid rate is 2.50% or less, you will not be entitled to any interest). Interest is accrued on a daily basis and charged or applied to your Account monthly on the first business day of the following month. No interest is paid or received if you open and close a position on the same day.	No borrowing costs are charged to borrow the Underlying Product in order to short CFDs.	Trading in Foreign Currency Transaction will involve an FX conversion. The conversion rate used to convert any gain or loss on a Foreign Currency Transaction is the current rate of the specific currency at the time of the trade offered by us [in respect of the Hedge Transaction (this includes an applicable margin)]. As at the date of this PDS, we do not impose an additional spread or margin for the FX conversion.

SCHEDULE B

1 Commission rates

Exchange Name *(For the exchange on which the Underlying Security trades)*	Minimum Commission Rate	Maximum Commission Rate	Standard Commission Rate	Minimum Commission Fee	Market Made Addition Commission
Australian Securities Exchange	0.10%	2.00%	0.198% of Trade Amount	AUD 11	Up to 0.05% of the underlying price
Athens Exchange	0.60%	2.00%	0.66% of Trade Amount	EUR 13.20	
NYSE Euronext Brussels	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
Budapest Stock Exchange	0.10%	2.00%	0.5% of Trade Amount	HUF 6,000	
NASDAQ OMX Copenhagen	0.10%	2.00%	0.11% of Trade Amount	DKK 71.50	
Deutsche Börse (Frankfurt Floor)	0.10%	2.00%	0.35% of Trade Amount	EUR 60	
Deutsche Börse (XETRA)	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
Hong Kong Exchange	0.25%	2.00%	0.495% of Trade Amount	HKD 121	
NASDAQ OMX Helsinki	0.10%	2.00%	0.11% of Trade Amount	EUR 11	
NYSE Euronext Lisbon	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
London Stock Exchange (IOB)	0.10%	2.00%	0.11% of Trade Amount	USD 22	
London Stock Exchange	0.10%	2.00%	0.11% of Trade Amount	GBP 8.80	
Borsa Italiana/Milan Stock Exchange	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
NASDAQ	USD 0.02 per CFD	USD 0.20 per CFD	USD 0.06 per CFD	USD 11	
NASDAQ (Small cap)	USD 0.02 per CFD	USD 0.20 per CFD	USD 0.06 per CFD	USD 11	

Exchange Name *(For the exchange on which the Underlying Security trades)*	Minimum Commission Rate	Maximum Commission Rate	Standard Commission Rate	Minimum Commission Fee	Market Made Addition Commission
New York Stock Exchange	USD 0.02 per CFD	USD 0.20 per CFD	USD 0.06 per CFD	USD 11	
New York Stock Exchange (ARCA)	USD 0.02 per CFD	USD 0.20 per CFD	USD 0.06 per CFD	USD 11	
Oslo Børs/Oslo Stock Exchange	0.10%	2.00%	0.11% of Trade Amount	NOK 71.50	
NYSE Euronext Paris	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
Prague Stock Exchange	0.10%	2.00%	0.25% of Trade Amount	CZK 500	
Singapore Exchange	0.25%	2.00%	0.22% of Trade Amount	SGD 18.70	
BME Spanish Exchanges	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
NASDAQ OMX Stockholm	0.10%	2.00%	0.11% of Trade Amount	SEK 71.50	
SIX Swiss Exchange	0.10%	2.00%	0.11% of Trade Amount	CHF 19.80	
Toronto Stock Exchange	CAD 0.04 per CFD	CAD 0.20 per CFD	CAD 0.074 per CFD	CAD 38.50	
TSX Venture Exchange	CAD 0.04 per CFD	CAD 0.20 per CFD	CAD 0.074 per CFD	CAD 38.50	
Wiener Börse/Vienna Stock Exchange	0.10%	2.00%	0.11% of Trade Amount	EUR 13.20	
Warsaw Stock Exchange	0.45%	2.00%	0.495% of Trade Amount	PLN 88	

2 CFD Index Table

Index CFD	Commission rate minimum (expressed in Index points)	Commission rate maximum (expressed in Index points)	Target Spread (expressed in Index points)	Price movement per CFD
Australia 200	1	10	1	1 AUD per point
ESP35	8	80	8	0.10 EUR Per point
EU Stocks 50	2	20	2	1 EUR per point
France 40	2	20	2	1 EUR per point
Germany 30	2.5	25	2.5	2.5 EUR per point
Germany 30 (Mini)	1	10	1	1 EUR per point
Hong Kong 50	1	10	1	1 HKD per point
Italia 40	20	200	20	0.10 EUR Per point
Japan 225	2	20	2	100 JPY per point
Switzerland 20	4	40	4	0.10 CHF per point
UK 100	1	10	1	1 GBP per point
US SPX 500	25	250	25	25 USD per point
US SPX 500 (Mini)	10	100	10	10 USD per point
US Tech 100	10	100	10	10 USD per point
US Tech 100 (Mini)	1	10	1	1 USD per point
Wall Street 30	1	10	1	1 USD per point
Wall Street 30 (Mini)	0.1	1	0.1	0.1 USD per point

3 CFD METALS AND COMMODITIES TABLE

Metal CFD	Commission rate minimum (expressed in Index points)	Commission rate maximum (expressed in Index points)	Target Spread (expressed in Index points)	Price movement per CFD
Gold/USD (XAU/USD)	1	10	1	10 Troy Ounces
Gold/AUD (XAU/AUD)*	2	20	2	10 Troy Ounces
Gold/EUR (XAU/EUR)	2	20	2	10 Troy Ounces
Silver/USD (XAG/USD)	3	30	3	500 Troy Ounces
Silver/AUD (XAG/AUD)*	3	30	3	500 Troy Ounces
Platinum/USD (XPD/USD)*	5	50	5	10 Troy Ounces
Palladium/USD (XPT/USD)*	5	50	5	5 Troy Ounces

Energy CFD	Commission rate minimum (expressed in Index points)	Commission rate maximum (expressed in Index points)	Target Spread (expressed in Index points)	Price movement per CFD
West Texas Intermediate (WTI)	1	10	1	100 Barrels
UK Brent	1	10	1	100 Barrels
NGAS	10	100	10	0.001 per point

SCHEDULE C

Initial Margins – Security Deposit – Leverage Rate	Term used	Reference URL	On the Platform
Halifax Pro and Halifax Plus	Leverage	www.halifax.com.au	View ➔ Terminal (Toggles on & off screen) ➔ Margin Used in trade

SCHEDULE D

Trading Platform	Default Liquidation threshold*	Reference URL	On the Platform
Halifax Pro and Halifax Plus	Leverage	www.halifax.com.au	View ➔ Terminal (Toggles on & off screen) ➔ Margin Level

* Expressed as percentage of Margin Utilisation)

Please Note: This is a guide only and may change without notice, please read the entire PDS and, in particular, section 12. If your Margin Utilisation exceeds the Default Liquidation threshold for your Trading Platform, a Margin Call will be applied to your Account. If you do not meet a Margin Call immediately, we may Close Out some or all of your Open Transactions without notice to you.