



# Product Disclosure Statement

## Margin FX Contracts and CFDs

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## 1. INTRODUCTION

### 1.1 IMPORTANT INFORMATION

This Product Disclosure Statement (**PDS**) has been prepared and issued by Intelligent Financial Markets Pty Ltd (ACN 155 185 014) (**FXTRADING.com, we or us**). We hold Australian Financial Services Licence No. 426359. This PDS provides you with key information about our financial products, being OTC margin foreign exchange contracts (**Margin FX Contracts**) and contracts for difference (**CFDs**).

The information contained in this PDS does not constitute any recommendation, advice or opinion. This PDS does not take into account your objectives, financial situation or needs. You should consider our financial products and the information in this PDS having regard to your objectives, financial situation and needs, and should consult with professional advisers, before entering into the financial products.

Our products are complex, risky and highly leveraged and may not be suitable for you. The prices of our Products and the prices of Underlying Instruments may fluctuate rapidly and widely because of events or conditions that may not be foreseeable and cannot be controlled.

This PDS is not intended to and does not constitute any offer or invitation, directly or indirectly, in any jurisdiction where the offer or invitation would breach the applicable laws or require the PDS or any other document to be lodged or registered. The distribution of this PDS outside Australia may be restricted by the laws of the places where it is distributed and therefore persons into whose possession this PDS comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

If we ask you for your personal information to assess your suitability to trade our Products and we accept your application to trade our Products, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for our purposes of deciding whether to open an Account for you. You may not later claim you are not responsible for your losses merely because we have opened an Account for you after assessing your suitability. You remain solely responsible for your own assessment of the features and risks and seeking your own advice on whether our Products are suitable for you.

This PDS is an important document. You should read this PDS, the Terms and Conditions and the Financial Services Guide (**FSG**) in their entirety before making any decision to enter into a financial product with us.

The information in this PDS is current as of 20<sup>th</sup> September 2018 the date of issue set out on the front page of this PDS. We may issue a supplementary or replacement PDS as a result of certain changes. For information regarding our full range of products and services, please read our FSG. If you have any queries, please contact us.

**Any information that is not materially adverse information is subject to change from time to time and may be updated by inclusion on our Website. A paper copy of any updated information will be given, or an electronic copy made available, to you without charge on request.**

Where this PDS includes a reference to content on our Website, the relevant contents on our Website forms part of this PDS. If you cannot find that information on you can ask us via the chat function or contact us on the details below. You can also ask for a copy of the statement or information without charge.

## 1.2 OUR CONTACT DETAILS

Address:  
Suite 65.03  
Level 65, MLC Centre  
19-29 Martin Place  
Sydney, NSW 2000, Australia

Contact details:  
Phone (local): 1800 FXTRADING  
Phone (international): +61 1800 398 723  
Email: service@FXTRADING.com

## 1.3 ANTI – MONEY LAUNDERING LEGISLATION

We may require information from you from time to time to comply with the Anti–Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**). You undertake to provide us with all information and assistance that we may require to comply with the AML/CTF Act.

We may pass on information collected from you and relating to transactions as required by the AML/CTF Act or other applicable laws and regulations and are under no obligation to inform you we have done so. We may undertake all such anti money laundering and other checks in relation to you (including restricted lists, blocked persons and countries lists) as deemed necessary or appropriate by us, and we reserve the right to take any action with regard thereto with no liability whatsoever therefore.

You also warrant that:

- You are not aware and have no reason to suspect that:
  - The monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Australian law, international law or convention or by agreement; or
  - The proceeds of your investment will be used to finance any illegal activities; and
- Neither you nor your directors, in the case of a company, are a politically exposed person as the term is used in the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1).

## 1.4 OPENING AN ACCOUNT

Before you begin dealing in our Products, you must complete an Application Form and be approved by us to open an Account.

Before completing the Application Form you should read this PDS, the Terms and Conditions and the FSG.

The Application Form requires you to disclose personal information. You should refer to our Privacy Policy, which is available on our Website or by contacting us directly. Please contact us if you have any concerns relating to our Privacy Policy, which explains how we collect personal information and then maintain, use and disclose that information.

## 1.5 WARNING

The financial products offered by us in this PDS are derivatives and foreign exchange contracts as defined in the Corporations Act. Derivatives and foreign exchange contracts are complex and often high-risk financial products. You should not engage in transactions or enter into Contracts unless you properly understand the nature of these Products and are comfortable with the attendant risks. You should obtain financial, legal, taxation and other professional advice prior to entering into a Product to ensure this is appropriate for your objectives, financial situation and needs and in relation to the impact of any gains or losses on your particular financial situation.

**You may lose 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 the money that you have deposited into your Account or are required to deposit to satisfy Margin Requirements. It is important that you understand that when you enter into a Product you are not trading in (and do not own or have any rights to) the Underlying Instrument.**

## 1.6 REGULATORY BENCHMARK DISCLOSURE

### Benchmarks for our Products

ASIC has developed seven disclosure benchmarks for these products, the regulatory requirements for which are contained in Regulatory Guide 227. This table sets out the benchmarks and the information that describes how we deal with the benchmarks.

Benchmark	Benchmark met? (Y/N)	Description
<b>Client Qualification and Suitability</b> Address the issuer's policy on investors' qualification for CFD trading.	Yes	We will assess client qualifications and suitability for our Products when you apply to open an Account. Further information can be found in section 4.
<b>Opening Collateral</b> Addresses the issuer's policy on the types of assets accepted from investors as opening collateral.	No	To the extent that this benchmark requires that a limit of \$1,000 be accepted for opening payments made by credit cards, we accept credit card payments for more than \$1,000 as initial funding in order to provide flexible payment options to clients. See section 2.21.
<b>Counterparty risk – hedging</b> Addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging.	Yes	We maintain and apply a written policy to manage our exposure to market risk from client positions. This includes the factors we take into account when determining if hedging counterparties are of sufficient standing and sets out the names of those hedging counterparties. Our policy, which notes our current approved hedging counterparties, is available upon request. See section 6.9.
<b>Counterparty risk – financial resources</b> Addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements.	Yes	Transactions are continually monitored by our dealing desk. We maintain and apply a written policy to ensure the ongoing maintenance of adequate financial resources and compliance with the financial requirements of our Australian Financial Services Licence. See section 6.9 for more information.
<b>Client Money</b>	Yes	We have a well-defined client money policy. These monies are held and

Addresses the issuer's policy on its use of client money.		used in accordance with the Australian Client Money Rules - see section 7 for more information.
<b>Suspended or halted underlying assets</b> Addresses the issuer's practices in relation to investor trading when trading in the underlying asset is suspended or halted.	Yes	With the exception of Margin FX Contracts where there is no suspension or halting of the Underlying Market, we do not allow new Positions to be opened in Products when the Underlying Market is halted or suspended. See section 2.10.
<b>Margin calls</b> Addresses the issuer's practices in the event of client accounts entering into margin call.	Yes	We make margin calls through the Trading Platform. You must monitor your Trading Platform and your available margin at all times while you have open Positions with us. We maintain and apply a clear policy in relation to minimum Margin Requirements and our rights including to close out positions. See section 3.

## 2. KEY INFORMATION – QUESTIONS & ANSWERS

### 2.1 WHAT DO THE TERMS IN THIS PDS MEAN AND HOW DO I INTERPRET IT?

A full list of defined terms is available in the Glossary. Please refer to section 17.

### 2.2 WHAT FINANCIAL PRODUCTS DO WE PROVIDE?

The Products we provide are over the counter (**OTC**) Margin FX Contracts and CFDs. You can find further details in sections 2.4 and 2.5 below.

### 2.3 WHAT TYPE OF ACCOUNT CAN I OPEN?

We have three types of accounts available for our clients:

- Standard Account
- Pro Account
- Islamic Account

Differences between the three types of accounts are outlined in this document and on our Website.

### 2.4 WHAT IS A MARGIN FX CONTRACT?

A Margin FX Contract is an agreement under which you may make a profit or incur a loss arising from fluctuations in the price of the contract.

The price of our Margin FX Contracts is based on the price of an Underlying Instrument being the price of one currency relative to another. However, you do not own or have any interest or right to that Underlying Instrument or have an ability to trade it on an exchange by entering into a Margin FX Contract. By entering into a Margin FX Contract, you are entitled to either be paid an amount of money, or required to pay an amount of money, depending on movements in the price of the Margin FX Contract.

The amount of any gain or loss made on a Margin FX Contract will be the net of:

- The difference between the price of the contract when your Position is opened and the price of the contract when the Position is closed;
- Any Swap Charges or Swap Benefits relating to the contract; and
- Commissions charged for Pro Accounts.

You should also consider the effect of leverage applied to your Contracts on your gains and losses. Refer to section 6.3 for more information.

The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

## 2.5 WHAT IS A CFD?

A CFD is an agreement that allows you to make a profit or loss from fluctuations in the price of an Underlying Instrument. **However, you do not own or have any interest or right in that Underlying Instrument or have an ability to trade it on an exchange by entering into a CFD.**

By entering into a CFD, you are entitled to either be paid an amount of money, or required to pay an amount of money, depending on movements in the price of the Underlying Instrument.

The amount of any gain or loss made on a CFD will be the net of:

- The difference between the price of the Underlying Instrument when your Position is opened and the price of the Underlying when the Position is closed;
- Any Swap Charges or Swap Benefits relating to the CFD;
- Any Rollover Charges or Rollover Benefits relating to the CFD;
- Commission charges relating to the CFD.

You should also consider the effect of leverage applied to your Contracts on your gains and losses. Refer to section 6.3 for more information.

The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

We offer a range of CFDs, including those based on the following Underlying Instruments:

- Bullion;
- Cash market commodity;
- Cash market equity index;
- Crypto Currency.
- Details of all the CFDs available are contained in the Product Schedule on our Website which is updated regularly.

## 2.6 WHAT IS A POSITION?

A Position is opened by either buying (going long) or selling (going short) in a Product. You go “long” when you buy a Product in the expectation that the price of the Underlying Instrument to which the Product is referable will increase, which has the effect that the Product price will increase. You go “short” when you sell a Product in the expectation that the price of the Underlying Instrument to which the Product is referable will decline, which has the effect that the Product price will decline.

A Position in respect of a Margin FX Contract or a CFD is open until it is closed, and the amount of profit or loss to you can then be calculated.



If you close a Position, you should consider cancelling any related orders you have placed against that Position. Failure to do so will mean that the related orders remain at risk of execution.

A Position will close automatically on the first anniversary of the date on which the Position was first entered into. Before that, you may give instructions to request close, or we can exercise the rights to close as set out in clause 12.1 and clause 12.2 of the Terms and Conditions.

## 2.7 WHAT IS A PRODUCT ISSUED “OVER THE COUNTER”?

“Over the counter” or “OTC” means that you do not trade in financial products through an exchange or regulated market. Rather, it is a bilateral transaction between you and us. This means you can only enter into Contracts with us with your Account.

You do not have the protection normally associated with trading on a regulated market.

It is not possible to close a Product by giving instructions to another provider, broker or Australian Financial Services licensee.

## 2.8 WHAT CHARGES ARE PAYABLE WHEN DEALING IN OUR PRODUCTS?

The fees and charges you will incur when dealing in our Products may include any or all of the following:

- Swap Charges ;
- Interest applied to debit balances in your Account;
- Commissions;
- Division Event charges; and
- Administration charges.

Please refer to Section 8.

## 2.9 HOW DO WE DETERMINE THE PRICES OF OUR PRODUCTS?

**Margin FX Contracts:** Our prices for Margin FX Contracts are calculated by us by applying our markup to the market price for the Underlying Instrument most recently quoted by one or more third party providers.

**CFDs:** Our prices for CFDs are calculated by us by applying our markup to the market price of the Underlying Instrument quoted by one or more third party providers.

## 2.10 CAN WE CHANGE OR RE-QUOTE THE PRICE AFTER YOU HAVE ALREADY PLACED YOUR REQUESTS?

No. When you make a request to open a Position we will execute the order at the current price we are quoting.

**Slippage is the difference between a requested price of a trade or pending order and the price at which the order was executed or filled.**

**A gap in the markets occurs when the price of a Product makes a sharp move up or down with no trading occurring in between two price points or when the market closes at a different rate to when it opens again.**

Slippage may be positive (a price improvement) or negative. When executing client transactions FXTRADING.com’s execution price will reflect both positive and negative movements in the underlying price.

## 2.11 OPENING HOURS

The opening hours for our Margin FX Contracts match the foreign exchange markets. Foreign exchange markets trade continuously. They open on Sunday at 5.05pm New York (EST) time and close at 4.55pm New York (EST) time Friday.

The opening hours for CFDs are available in the Product Schedule.

## **2.12 IF THERE IS LITTLE OR NO TRADING GOING ON IN THE UNDERLYING MARKET FOR AN UNDERLYING INSTRUMENT, CAN YOU STILL TRADE THAT PRODUCT?**

We will halt client trading when:

- A trading halt exists for the Underlying Instrument;
- Trading in the Underlying Instrument has been suspended through an exchange or otherwise;
- The Underlying Market is closed; or
- We consider it necessary, such as due to gapping or illiquidity.

## **2.13 CAN YOU PLACE STOP LOSS ORDERS AND LIMIT ORDERS?**

**Stop Loss Orders:** A Stop Loss Order allows you to specify a price at which you wish to close out a Position or open a Position. We will execute a Stop Loss Order once the offer price reaches the order price in the case of a buy-order, or our bid price has reached the order price in the case of a sell-order. We note that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity. A Stop Loss Order is triggered automatically when the Stop Loss price is reached. Once the Stop Loss price is reached, the Stop Loss Order becomes a Market Order to buy or sell (depending on your instructions). The Stop Loss Order could be activated by a short-term fluctuation in the markets, or in a fast moving market, the price at which the trade is executed could be much different from the Stop Loss Order price. This is known as “gapping” and is due to market movements during the time it takes to open or close Positions. You should discuss the operation of these order types with one of our representatives. You should also refer to our Terms and Conditions with respect to the operation of these order types.

**Limit Orders:** A Limit Order may be used by you to either open or close a Position at a predetermined price that is more favourable to you than the current market price. We will execute your Limit Order when 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. Once the Limit Order price is reached, the Limit Order becomes a Market Order.

You acknowledge and agree that under the Terms and Conditions we may impose a Stop Loss Order on one or more of your Positions.

Further, if any Default Event as defined in the Terms and Conditions occurs, we may impose a limit on the number of open pending orders of each account to prevent the degradation of the Trading Platform performance of all other clients. The limit is currently set at 100 orders but we retain the right to change this limit.

## **2.14 WHAT IS THE MINIMUM TRADING SIZE AND THE MAXIMUM TRADING SIZE?**

The size of your Position must exceed the relevant Minimum Trading Size and must not exceed the relevant Maximum Trading Size, each as specified on our Website from time to time for the type of Position.

## **2.15 HOW DO YOU DEAL IN PRODUCTS WITH US?**

You may place requests to deal in Products in two ways:

- By contacting us on any of the contact details specified in clause 1.2; or

- Using our Trading Platform through a computer or other device with which the Trading Platform is compatible.

It is possible for a third party to place orders on your behalf provided that a written and executed Power of Attorney or Authorised User authority has been received and accepted by us.

## **2.16 WHEN IS A CONTRACT FORMED?**

A quote given to you by one of our traders is not an offer to contract. If you indicate that you wish to trade at the price quoted you will be deemed to be making an offer to trade at the quoted price and our trader will be entitled to confirm or reject that offer.

Your clicking 'buy' or 'sell' on the Trading Platform or accepting a quote to buy or sell by telephone will send a message to us indicating that you wish to trade on the terms and conditions indicated. This message will constitute an offer by you to buy or sell at the price and trade size chosen. If your offer is accepted, this information about your offer to trade will appear on the Trading Platform. If information about your offer to trade does not appear on the Trading Platform within two minutes, you must notify us immediately. If you do not notify us, you will be deemed to have agreed only the transactions recorded by us. Similarly, if you dispute the contents of any transaction information sent by us to you, you must notify us immediately upon receipt by telephone or email; if you do not, the transactions recorded by us will be deemed to have been agreed by you.

## **2.17 WHAT ARE "LONG" AND "SHORT" POSITIONS?**

You can take both 'long' and 'short' Positions. If you take a long Position, you profit from a rise in the underlying base currency price or the price of the Underlying Instrument, and you lose if the price of the Underlying Instrument falls.

Conversely, if you take a short Position, you profit from a fall in the underlying base currency price or the price of the Underlying Instrument, and lose if the price of the Underlying Instrument rises.

## **2.18 HOW DO YOU REQUEST TO CLOSE OUT A POSITION?**

You can request to close a Position by selecting a Position in the Trading Platform and then closing it (on the MetaTrader 4 (MT4) platform using the "Close" button for that Position).

Alternatively, you can request to close a Position by contacting us directly on the contact details specified in clause 1.2. However, please note that we may not be able to allow you to close a Position at a particular time and/or at the particular price, as outlined in clause 0.

## **2.19 WHAT IS MARGIN?**

To place a trade that creates an open Position you are required to pay us, or have in your Account, the Margin for that trade as calculated by us (**Initial Margin**).

In addition to the Initial Margin, you have a continuing obligation in relation to Margin in respect of all open Positions on your Account.

Margin Requirements will fluctuate with the value of the Underlying Instrument on which the contract is based. Further, where you deal in a contract that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate.

Please refer to section 3.

## **2.20 WHAT IS A MARGIN CALL?**

A Margin Call is a call on you to top up the amount of money you have in your Account as Margin.

You can monitor your Margin Requirements using the Trading Platform (on the MetaTrader 4 (**MT4**) platform we inform you through the margin alert icon) or otherwise by contacting us.

## **2.21 HOW ARE PAYMENTS MADE IN AND OUT OF YOUR ACCOUNT?**

We offer a number of payment options for Clients to open and fund their Accounts and to meet Margin Calls. The full list of current payment options is available on our Website.

All funds must be cleared funds before they are treated as satisfying a Margin Call or can be made available for you to use in dealing in Products.

We will use all reasonable efforts to process your withdrawal using the same payment option you have used to fund your Account. Where this is not possible for any reason, we will pay you through electronic transfer.

You agree and acknowledge that we may ask any third party used to fund an Account to verify their identity and we may refuse to accept or return any payment of money from any third party or from any account of any third party. You further agree and acknowledge that we do not accept any liability or responsibility for any loss, cost or expense incurred or suffered by you in connection with such non-acceptance or return, including because you are subsequently in default of your obligations to us.

We do not accept cash or cash equivalents as opening collateral or funding of your Account.

## **2.22 DO YOU RECEIVE INTEREST ON MONIES HELD IN YOUR ACCOUNT?**

We do not pay interest on credit balances in currency ledgers on your Account.

## **2.23 WHAT HAPPENS IF YOU HOLD A POSITION OVERNIGHT?**

When you hold a Position or Positions overnight in a Product they will be rolled to the next Business Day, which will result in you paying a Swap Charge or receiving a Swap Benefit.

For further information, please refer to section 8.3.

## **2.24 WHAT ARE THE RISKS OF TRADING YOUR PRODUCTS?**

Our Products (being Margin FX Contracts and CFDs) are OTC derivative products that are complex, highly leveraged, and carry significantly greater risk than non-g geared investments.

**You may lose 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 greater than the money that you have deposited into your Account or are required to deposit to satisfy Margin Requirements.**

**It is important that you understand that when you enter into a Product you are not trading in and do not own or have any rights to the Underlying Instrument.**

You should obtain your own independent financial, legal, taxation and other professional advice as to whether our Products are an appropriate investment for you.

## **2.25 WHAT ARE THE TAXATION IMPLICATIONS OF ENTERING INTO OUR PRODUCTS?**

The taxation consequences of dealing in our Products depend on your personal circumstances. Some general taxation consequences are set out in section 9.

The taxation consequences can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in

relation to the impact of Margin FX Contract and CFD transactions and products on your particular financial situation.

## **2.26 HOW DO I LEARN TO USE THE TRADING PLATFORM AND HOW TO DEAL WITH YOU?**

Our Trading Platform contains an extensive user guide, which is accessible from the 'Help' menu. We also provide free practice accounts also known as "Demo" accounts and other education materials on our Website.

## **2.27 WHAT IF I NEED FURTHER INFORMATION?**

You can contact us by:

Telephone: 1300 735 125 or +61 2 9190 7577

Email: [service@FXTRADING.com](mailto:service@FXTRADING.com)

Website: [www.FXTRADING.com](http://www.FXTRADING.com)

## **3. MARGINS AND MARGIN CALLS**

### **3.1 INITIAL MARGIN**

To open a Position you are required to pay us, and have in your Account, the Initial Margin. This Initial Margin is calculated as follows:

Initial Margin requirement = (Quantity of Contract Units x Contract Price) x Margin Percentage.

When you open a Position in our Products you will need to have sufficient Free Margin in your Account to satisfy the Margin Requirement for that Position.

Margin Requirements vary with each Product and a list of them is set out in the Product Schedule available on our Website. These may change regularly.

By holding open an equal number of both bought and sold contracts, the Initial Margin will be partially offset. You will still be charged an initial margin but at a reduced rate.

### **3.2 CONTINUING MARGIN OBLIGATION**

In addition to the Initial Margin, you have a continuing obligation in relation to Margin as set out below in respect of all open Positions on your Account.

You have a continuing Margin obligation to us to ensure that at all times during which you have opened Positions, your Total Equity is at least the Margin that we require you to have paid to us for all of your open Positions, such Margin required by us at all times (the Margin Requirement) for each open Position being: (Quantity of Contract Units x Contract Price) x Margin Percentage. You must pay to us the Margin required by us for all of your open Positions.

Your Total Equity will be determined by us on an ongoing basis.

If there is any shortfall between your Total Equity and your Total Margin Requirement for all your open Positions, you are required by us to deposit additional funds into your Account so that there is no such shortfall. These funds are due and payable to us immediately when your Total Equity falls below your Total Margin Requirement for all your open Positions.

Margin Requirements will fluctuate with the value of the Underlying Instrument on which the Contract is based. Further, where you deal in a Contract that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate. Also, we may vary the Margin Percentage (and therefore the Margin) at any time at our discretion (please refer to section 3.3).

The Total Equity of your Account will fluctuate according to the money you have deposited in your Account, the dealings conducted on your Account and the Positions you hold. During the trading day, your Account is constantly calculated in line with movements in our prices. The Account balance is also calculated at the end of the day. It is your responsibility to monitor and manage your open Positions and exposures and ensure that your Account is sufficiently funded at all times for Margin. This may require:

- Closing or reducing one or more of your open Position(s) in order to reduce your Margin Requirement; and/or
- Depositing additional funds into your Account in order to satisfy the Margin Requirement.

If you choose to deposit additional funds into your Account, these additional funds must be cleared funds before they will be treated as having satisfied your obligations.

### **3.3 CHANGING MARGIN PERCENTAGE**

We may vary the Margin Percentage at any time at our discretion. Without limitation, we may vary the Margin Percentage in response to or in anticipation of the following:

- (a) Changing volatility and/or liquidity in the Underlying Instrument or in the financial markets generally;
- (b) Economic news;
- (c) Changes in your dealing pattern with us;
- (d) Your credit circumstances change; or
- (e) Your exposure to us being concentrated in a particular Underlying Instrument.

You should note that there may be other circumstances which may give rise to us changing your Margin Percentage.

When the Margin Percentage is changed, you will need to close and open the Trading Platform in order to have relevant Margin updated.

### **3.4 OUR RIGHTS WHERE YOUR TOTAL EQUITY IS AT OR BELOW A CERTAIN LEVEL**

In addition to the requirements set out in sections 3.1 and 3.2, if at any time Total Equity is at or below 100% of Total Margin Requirement, whilst it is not an Default Event, we may (but are not obliged to) close some or all of your open Positions at our absolute discretion. We will not be responsible for any losses you may suffer or incur in connection with any such closing of your open Positions or any lack of closing thereof.

### **3.5 YOU MUST MONITOR MARGIN**

Through the Trading Platform, you may have access to your Account and sufficient information to enable you to calculate the amount of any Margin required from you and the total amount of Margin due from you in the Base Currency using the current exchange rate. It is your responsibility to ensure that you obtain all relevant information in respect of your Account (including when placing any orders over the telephone, to request such information before placing any orders to open or close a Position), including all information in respect of your current open Positions. We will not be responsible for any losses you may suffer or incur as a result of you not obtaining or requesting any such information.

It is your responsibility to monitor at all times (including by checking on the Trading Platform) the amount of Margin deposited with us from time to time against the amount of any Margin currently required and any additional Margin that may be necessary or desirable, having regard to such matters as:

- (i) Your open Positions;
- (ii) The volatility of any relevant Underlying Instrument;

- (iii) The volatility of the relevant market;
- (iv) The volatility of the markets generally;
- (v) Any applicable exchange rate risk; and
- (vi) The time it will take for you to remit sufficient cleared funds to us.

### **3.6 NO OBLIGATION TO MAKE MARGIN CALL; FAILURE TO PAY MARGIN**

You can monitor your Margin Requirements using the Trading Platform (on the MetaTrader 4 (**MT4**) platform we provide you with a Margin Call in the form of a margin alert icon) or otherwise by contacting us.

Your failure to pay any Margin or comply with your obligations in connection with Margin is a Default Event. If a Default Event occurs, we may, among other things, terminate the Agreement and/or close all or any of your open Positions and deduct the resulting realised loss from your Account. Please refer to section 11 for a description of our powers upon an Default Event.

In addition, if you do not wish us to be able to exercise our rights referred to in section 3.4, you will ensure that at any time Total Equity is above 100% of Total Margin Requirement.

### **3.7 RISK**

You may lose 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 the money that you have deposited into your Account or are required to deposit to satisfy Margin Requirements.

## **4. BECOMING A CLIENT**

### **4.1 QUALIFICATION POLICY**

Trading in our Products is not suitable for all clients because of the significant risks involved.

We maintain and apply a written policy, which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open an Account for you. We also maintain a written policy/procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments.

We do not accept retail investors unless they meet the minimum qualification criteria and are able to satisfactorily answer the questionnaire in our Application Form, which addresses the following criteria:

- Previous trading experience in financial products
- Understanding of leverage, margins and volatility
- Understanding of the key features of the product
- Understanding the trading process and relevant technology
- Ability to monitor and manage the risks of trading
- Understanding that only risk capital should be traded

Please note that we do not provide personal or other advice regarding the suitability of trading in these products for your personal financial circumstances and objectives.

## **5. KEY BENEFITS**

The use of our Products can provide a number of benefits, which must, of course, be weighed up against the risk of using them.

### **5.1 HEDGING**

You can use our Products to hedge exposures in relation to the relevant Underlying Instrument. Hedging also means that you may not receive the benefits of movements in your favour.

### **5.2 SPECULATION**

You can also use our Products for speculation, with a view to possibly deriving gains from fluctuations with respect to the Underlying Instruments. Speculation may result in losses rather than gains.

### **5.3 LEVERAGE**

The use of our Products may involve a high degree of leverage. These contracts enable you to outlay a relatively small amount (in the form of margin) to secure an exposure to the Underlying Instrument. Gains and losses are amplified by the extent of the leverage. The leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

## **6. KEY RISKS OF TRADING WITH US AND IN OUR PRODUCTS**

### **6.1 INTRODUCTION**

You should carefully consider whether dealing in our Products is appropriate for you in light of your financial circumstances. In deciding whether or not you wish to become involved in these transactions, you should be aware that these Products are derivatives that are speculative, may be highly leveraged and carry a significantly greater risk than non-g geared investments.

We do not make or give any recommendation, advice or opinion in relation to our Products. Without limitation, the qualification process referred to in section 4.1 does not amount to personal financial product advice. We do not take into account your objectives, financial situation or needs. You should obtain your own independent financial, legal, taxation and other professional advice as to whether our Products are an appropriate investment for you.

### **6.2 WE ACT AS PRINCIPAL AND PRODUCT ISSUER**

We are a market maker, not a broker, and accordingly will act as a principal, not as an agent, in respect of all transactions.

As we issue products, Clients are exposed to the financial and business risks, including credit risk, associated with dealing with us.

Protections normally associated with dealings on licensed markets are not available when trading in our Products. For example, trading on the Australian Stock Exchange (**ASX**) generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. Such guarantee funds do not apply to our Products.

### **6.3 LEVERAGE AND LOSS OF MONIES**

The use of our Products may involve a high degree of leverage. These contracts enable you to outlay a relatively small amount (in the form of Margin) to secure an exposure to the Underlying Instrument. Gains and losses are amplified by the extent of the leverage. The leverage can work against you as well as for you, which means that the use of leverage can lead to large losses as well as large gains.



You may lose 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 you are liable to pay to us. These losses may be far greater than the money that you have deposited into your Account or are required to satisfy Margin Requirements. You could be required to pay further funds that represent losses and other fees on your open and closed Positions.

If you acquire a Product, you will be exposed to movements in the price, value or level of the Underlying Instrument. The risk of loss is increased as you might be highly leveraged.

#### **6.4 RISK RESULTING FROM FAILURE TO PROVIDE REQUIRED MARGIN**

If the Product price moves against your Position you may be required to deposit further monies with us in order to satisfy your Total Margin Requirement and maintain your Position. The amount of the additional Margin may be substantial and failure to pay it promptly may result in:

- Some or all of your open Positions being closed or liquidated by us;
- You being prevented from opening new Positions or extending existing Positions; and
- You being liable for interest charges on negative or debit balances.

Further, any additional funds must become cleared before they will be taken as satisfying your Margin Requirement. Your Position may be liquidated before you have an opportunity to deposit additional funds and before any additional funds that you deposit have had the opportunity to become cleared funds.

#### **6.5 DERIVATIVE AND FOREIGN EXCHANGE MARKETS**

Derivative and foreign exchange markets are speculative and volatile. Our Products are OTC derivative instruments and can be highly volatile. When you enter into a Product you are not trading in (and do not own or have any rights to) the Underlying Instrument. Under certain market conditions, the price of contracts may not maintain the usual relationship with the Underlying Markets because of unforeseeable events or changes in conditions, none of which can be controlled by you.

The prices of our Products will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and their prevailing psychological characteristics of the foreign exchange currency markets.

## **6.6 DEALING MAY BE AFFECTED BY FACTORS IN THE UNDERLYING MARKET**

Our prices are derived from prices in the Underlying Market. 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 closing existing Positions.

Sometimes markets move so quickly that gapping occurs. Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events. If gapping occurs in the Underlying Market, it will also occur in the price of the relevant Product and may mean that you are unable to close out your Position or open a new Position at the price you requested or may have liked to request.

The Underlying Market may lack liquidity, caused by insufficient trading activity or because the aggregate of all requests for orders at a particular price determined by us exceeds the available volume in that market. This may affect our ability to offer Products in sufficient volume to allow you to close out your Position or open a new Position.

As a result, a potentially profitable deal may not be executed, or it may not be possible to close out a Position in a timely fashion at the price you request. This may lead to reduced profits and high losses.

We have the right to close your open Position, limit the size of your open Position or refuse requests to establish new Positions, by giving you notice orally or in writing. You should refer to the Terms and Conditions.

## **6.7 YOUR ACCOUNT WILL BE MAINTAINED IN THE BASE CURRENCY THAT YOU HAVE NOMINATED**

When you deal in a Product whose settlement currency is denominated in a currency other than the Base Currency, all Margins, profits, losses, Swap Charges, Swap Benefits, Commissions, Corporate Actions and Division Events in relation to that product are calculated using the currency in which the product is settled and is then converted to your Base Currency.

Accordingly, your profits or losses may be affected by fluctuations in the relevant Underlying Market price between the time the order is placed and the time the Position is closed, liquidated or offset.

Upon closing a Position that is denominated in a currency other than the Base Currency of your account you will be able to request that the foreign currency balance be converted to the Base Currency of your account. Any conversion will be at the exchange rate quoted by us and subject to the Conversion Fee (please refer to section 8.4). Until the foreign currency balance is converted to the Base Currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the Position.

## **6.8 LOSS CAUSED BY SPREAD**

Because of the difference between the buying and selling price of a Product, the relevant price must move favourably before you can break even. In other words, even if the price does not move at all and you close out your Position, you will make a loss to the extent of our spread and any other charges you have incurred with us.

Furthermore, the spread may be larger at the time you close out the Position than it was at the time you opened it.

## **6.9 COUNTERPARTY RISK**

You will be dealing with us as counterparty to every transaction. You will have an exposure to us in relation to each transaction.

As a result, you will be reliant on our ability to meet our counterparty obligations to you to settle the relevant contract. If we default on our obligations, you may become an unsecured creditor in an

administration or liquidation and will not have recourse to any Underlying Instruments in the event of our insolvency.

We enter into OTC transactions as principal with other counterparties to hedge the market risk arising from our transactions with you (and our other clients). We are also exposed to the financial risks of the financial institutions with which we hold client money (e.g. Margin) and with which we enter into hedging or offsetting transactions to manage our exposure to you. Accordingly, clients are indirectly exposed to the financial risks of the counterparties and financial institutions with which we hold client money. If the financial condition of us or assets of our counterparties or the parties with which we hold client money deteriorate, then clients could suffer loss because the return of the client money could become difficult.

Within our risk management framework, we have assessed the market risk and counterparty risks arising from entering into transactions with you (and our other clients) and hedge counterparties and applied controls to mitigate those risks. Those controls include:

- The enforcement of leverage limits based on the account balance of the client and the instruments being traded;
- The enforcement of market risk limits on our net exposure and daily loss limits; and
- The selection and maintenance of one or more hedge counterparty relationships.

You can request from us a copy of our policy on the activities we undertake to mitigate our counterparty and market risk referred to in this section 6.9.

Our selection of hedge counterparties is based on the following factors:

- The counterparty's reputation;
- The regulatory status of the counterparty;
- The services provided; and
- The strength of operational controls and systems.

Our current hedging counterparty policy, which notes our current approved hedging counterparties, is available on our Website (and may be updated from time to time as counterparties change).

In addition, we must comply with the financial requirements imposed under our Australian Financial Services Licence.

Please contact us in writing at the address/email provided herein, should you wish to obtain a free-of-charge summary of our latest audited financial statements.

## **6.10 REGULATORY CHANGES**

Changes in taxation and other laws, government fiscal, monetary and regulatory policies may have a material adverse effect in your dealings in contracts with us.

## **6.11 SYSTEMS RISK**

There are operational risks associated with any trading platform and any disruption to our Trading Platform may mean that you will be unable to trade in a Product with us when desired. Accordingly, you may suffer a loss as a result caused by a delay in our operational processes such as communications, computers, computer networks, software or external events that cause delays in the execution and settlement of a transaction.

We do not warrant that the Trading Platform will always be available or accessible when the exchanges on which the Underlying Instruments in respect of which you have traded or wish to trade are open and we reserve the right to remove altogether or reduce the Trading Platform service at any time for any purpose, without thereby incurring any liability to you. We do not warrant that the Trading Platforms or any component of any Trading Platforms or any services performed in respect of any such Trading Platforms will meet the requirements of any user, or that the operation

of the Trading Platforms will be uninterrupted or error-free, or that any services performed in respect of the Trading Platforms will be uninterrupted or error-free.

We have no liability to you for any loss, damage or cost which you may suffer as a result of transmission errors, technical faults, malfunctions, illegal intervention in network equipment, network overloads, malicious blocking of access by third parties, internet malfunctions, interruptions or other deficiencies on the part of internet service providers or other system errors. You acknowledge that access to Trading Platforms may be limited or unavailable due to such system errors, and that we reserve the right to suspend access to Trading Platforms for this reason.

We do not accept any liability in respect of any delays, inaccuracies, errors or omissions in any data provided to you in connection with a Trading Platform. We have no liability to you in the event that any viruses, worms, software bombs or similar items are introduced via the Trading Platform or any software provided by us to you in order to enable you to use the Trading Platform.

#### **6.12 CHANGES IN MARGIN PERCENTAGE**

We may under the Terms and Conditions exercise our right to alter the Margin Percentage in relation to any of our Products at any time at our discretion. This change will affect your Margin Requirement.

You should also refer to section 3 of this PDS for further information on Margin.

### **7. HOLDING YOUR MONEY**

#### **7.1 TRUST ACCOUNT**

We will handle all client funds (Monies) we receive in accordance with the Australian Client Money Rules.

The funds in your account will be held in a trust account. The pooled money is held on trust for you until you withdraw the money or otherwise provide us with a legal right to that money because of entitlements (such as outstanding fees) owed to us or in such other circumstances as referred to in our Terms and Conditions.

If you are a Retail Client or Sophisticated Investor, we cannot use your client money for our own capital purposes or to hedge with our liquidity providers. We use our own funds, and we may use Wholesale Client funds for these purposes, subject to our Terms and Conditions.

The Monies may be co-mingled into one or more pooled trust accounts with our other clients' Monies.

We may invest any of your Monies in the kinds of investments as permitted by the Australian Client Money Rules and you irrevocably and unconditionally authorise us to undertake any such investment.

We are solely entitled to any interest or earnings derived from your Monies being deposited in a segregated trust account or invested by us in accordance with the Australian Client Money Rules with such interest or earnings being payable to us from the relevant segregated trust account or investment account, as the case requires as and when we determine. You agree that when we use the Monies for a lawful purpose as set out in this clause 7.1, the Monies do not belong to you and do not constitute a loan or constructive trust in your favour.

If you are a Wholesale Client, you authorise and direct us to withdraw, deduct, pay or apply the Monies:

- (a) In order to meet obligations (the **Obligations**) incurred by us in connection with offering Products. Obligations may include an obligation to make payments to a Related Entity or a liquidity provider in connection with liabilities we incur when you and other clients use our Products. Liabilities in this sub-clause include but are not limited to minimum floating margin requirements imposed by a Related Entity or liquidity provider, or other hedging requirements;

- (b) In order to enforce other rights that FXTRADING.com has under the Agreement; and
- (c) For any other reason allowed by law

## 7.2 PROTECTION AFFORDED BY THE AUSTRALIAN CLIENT MONEY RULES

Under the Australian Client Money Rules, we must hold your monies In trust.

Furthermore, the Australian Client Money Rules provide that in the event that we cease to be licenced (including because our Australian Financial Services Licence has been suspended or cancelled), become insolvent or cease to carry on some or all of the activities authorised by our Australian Financial Services Licence, Monies held by us or an investment of Monies, will be dealt with as follows:

- Money in the trust account is held in trust for the persons entitled to it, and is paid in the order set out below in the third bullet point below;
- If Monies in the trust account is invested, the investment is likewise held in trust for each person entitled to money in the account;
- The money in the account is to be paid in the following order:
  - The first payment is of money that has been paid into the account in error;
  - The next payment is payment to each person who is entitled to be paid money from the account;
  - If the money in the account is not sufficient to be paid in accordance with the above paragraphs, the money in the account must be paid in proportion to the amount of each person's entitlement; and
  - If there is any money remaining in the account after payments made in accordance with the above paragraphs, the remaining money is payable to us.

These rules override anything to the contrary in the Australian *Bankruptcy Act 1966*, in the *Corporations Act* or other law.

## 7.3 WARNING ABOUT TRUST ACCOUNTS

It is important to note that our holding Monies in one or more pooled trust accounts may not afford you absolute protection.

The purpose of trust accounts is to segregate our clients' Monies, including your Monies, from our own funds. However an individual client's Monies will be co-mingled into one or more trust accounts.

Furthermore trust accounts may not protect your Monies from a deficit in the trust accounts.

Should there be a deficit in the trust accounts and in the event that we become insolvent before the topping up of the trust accounts in deficit, you will be an unsecured creditor in relation to the balance of the Monies owing to you.

## 7.4 WHAT IS AN UNSECURED CREDITOR?

In the event that you become an unsecured creditor of us, you will need to lodge a proof of debt with the liquidator for the amount of monies that are owing to you as evidenced by your account statements. The liquidator then assesses all proofs of debts to determine which creditors are able to share in the assets of the company, and to what extent depending on the amounts owing to them and any priority they may have to be paid.

## 8. FEES, COSTS AND CHARGES

### 8.1 GENERAL

Whilst we endeavour to include all fees and charges in the spread quoted, in some circumstances you may incur fees and charges.

The fees and charges when dealing in our Products may incorporate any or all of the following:

- Swap Charges;
- Interest charges applied to debit balances in your Account;
- Commissions;
- Conversion Fees;
- Division Event charges; and
- Administration charges and fees.

The fees and charges may change from time to time and will be reflected in this PDS or on our Website as required.

## 8.2 COMMISSIONS

### Standard Account

Our fees for the products we offer are built into the price of the contract when you seek to transact with us. Because we deal as principal, the prices we offer you may not be the same as the market prices.

The price offered to you may depend upon a number of factors including transaction size, term of the product, our business relationship with you, the prevailing market rates and the differing interest rates applicable to the currency pair involved in a forward foreign exchange transaction.

### Pro Account

The price offered to you for Products will be calculated as the market price plus any applicable Commissions.

Commissions for both opening and closing will be charged upon opening of the Position.

### Islamic Account

The Islamic Account will operate in the same manner as a Standard Account, with the following exceptions:

- It will not attract any Swap Charges or Swap Benefits, Commission or interest (and as such, references to those items in this PDS do not apply to an Islamic Account); and
- An Administrative Fee is calculated and deducted from the balance of the Account every 2 days at midnight Coordinated Universal Time. The fee is charged per Contract Unit and is charged in the Base Currency of the Account. If the Account balance is in debit, FXTRADING.com reserves the right to recover any monies owed to us. Administrative Fee values are provided in the Product Schedule on the Website.
- Islamic Account must be used in good faith. Clients must not use the swap free account to make profits from swaps or not paying swaps. FXTRADING.com reserves the right to revoke any such accounts without having to provide reasons for its actions. If FXTRADING.com detects that a swap free account has been abused by taking advantage of not paying swaps due to and not limited to fraud, manipulation, cash-back arbitrage, carry trades or any other forms of fraudulent or deceitful activity, FXTRADING.com reserves the right to take the following immediate actions:
  - Remove all swap privilege to all the live trading accounts.
  - Recover all of the accrued swaps, interest expenses and costs.

- Nullify all trades on the suspected accounts and cancel all profits earned,
- Terminate the client agreement

**Example of Islamic Account trade.**

The AUDUSD is currently trading at a price of 0.7030 and you expect that the exchange rate of the currency pair will rise during the week, so you buy 100,000 AUDUSD at 0.7030 in a USD based trading Account. Four days later the exchange rate of AUDUSD has risen to 0.7050. You will sell 100,000 AUDUSD at 0.7050.

Since this is an Islamic Account, you are not affected by swap charge. Assuming the Administrative Fee for AUDUSD is -15 for every two days,

Swap charge: 0,

Administrative Fee : Four days that you held the AUDUSD open position =  $(2 \times -15) = - \text{USD } 30$

The difference between the price at which you bought and sold the AUDUSD :  $(0.7050 - 0.7030) = 0.002$

Profit on the transaction :  $(100,000 \times 0.002) = \text{USD } 200 - \text{USD } 30 = \text{USD } 170$

### 8.3 SWAP CHARGES AND SWAP BENEFITS

When you hold a Position or Positions overnight in a Product they will be rolled to the next Business Day, which will result in you paying a Swap Charge or receiving a Swap Benefit. The amount is determined by us and depends on factors including our Swap Rate, being the rate at which you receive or pay interest on Positions that remain open overnight. This is a varying rate dependent upon the applicable rate in the markets for the currencies or Bullion, the duration of the rollover period, the size of the Position and our markup that is applied at our discretion.

Swap Charges and Swap Benefits due will be accrued in the swap value field of the open trade Position. In the event that there are insufficient funds in your Account, any amount due to us because of the Swap Charges becomes a debt due and owing by you to us.

The swap process is completed at Close of Business.

#### Margin FX Contracts

If you are long on a Margin FX Contract where the bought currency interest rates are higher than the sold currency interest rates you would typically receive interest at the Swap Rate if you hold the Position overnight and do not close it before the Close of Business. This is because you are holding the higher yielding currency. On the other hand, if you are long on a Margin FX Contract where the bought currency interest rates are lower than the sold currency interest rates then you would typically pay interest at the Swap Rate if you hold the Position overnight and do not close it before Close of Business. This is because you are holding the lower yielding currency.

If you are short on a Margin FX Contract where the sold currency interest rates are higher than the bought currency interest rates you would typically pay interest at the Swap Rate if you hold the Position overnight and do not close it before the Close of Business. This is because you are holding the lower yielding currency. On the other hand, if you are short on a Margin FX Contract where the sold currency interest rates are lower than the bought currency interest rates then you will receive interest at the Swap Rate if you hold the Position overnight and do not close it before the Close of Business. This is because you are holding the higher yielding currency.

In circumstances where the two interest rates are near parity, almost equal to each other, a Swap Charge may be imposed for both long and short open Positions

#### Bullion CFDs

If you have a long US dollar/short Bullion Position and interest rates in the United States of America are higher than the Bullion Swap Rate you would typically receive a Swap Benefit at the Bullion

Swap Rate if you hold the Position overnight and do not close it before Close of Business. This is because you are holding the higher yielding asset.

If you have a short US dollar/long Bullion Position and interest rates in the USA are higher than the Bullion Swap Rate you would typically pay a Swap Charge at the relevant Swap Rate if you hold the Position overnight and do not close it before Close of Business. This is because you are holding the lower yielding asset.

In circumstances where the two interest rates are near parity, almost equal to each other, a Swap Charge may be imposed for both long and short open Positions

The swap process is completed at Close of Business.

### **Example of Cash equity index CFD**

The AU200 index CFD is currently trading at a price of 6255 and you expect that the index will rise during the week, so you buy one CFD of AU200 at 6255.

One day later the AU200 index has risen to a price of 6285 and you close the CFD to take your profits by selling AU200 at 6285.

Your Swap Charge and profit from this trade is calculated as:

- the Swaps Charge assuming AU200 closed first day at 6260:  
Benchmark interest rate of 1.5% + 2.5% = 4.0% (The benchmark interest rate is provided by our Liquidity Providers)  
Swaps Charge:  $[6260 * (0.04/365)] * 10 = \$6.86$
- the difference between the price at which you bought the CFD and the price at which you sold the CFD:  
 $6255 - 6285 = 30$  points  
With the fixed value per point of one CFD being \$10, this equates to  $30 * 10 = \$300$

Profit on this transaction:  $300 - 6.86 = \$293.14$

### **Example of Margin FX Contract**

The EURAUD is currently trading at a price of 1.62640 and you expect that the exchange rate of the currency pair will rise during the week, so you buy one FX Contract of EURAUD at 1.62640.

One day later the EURAUD exchange rate has fallen to a price of 1.62602 and you close FX Contract to protect your capital by selling EURAUD at 1.62602.

Your Swap Charge and loss from this trade is calculated as:

- Swap Charge:  
Swap Charge in points for the long position: 0.00011  
With the fixed value per point (0.00001) of one FX Contract being \$1, this equates to  $11 * 1 = \$11$
- the difference between the price at which you bought FX Contract and the price at which you sold FX Contract:  
 $1.62640 - 1.62602 = 0.00038$   
With the fixed value per point (0.00001) of one FX Contract being \$1, this equates to  $38 * 1 = \$38$

Loss on this transaction:  $11 + 38 = \$49$

## **DIVISION EVENTS**

When a Division Event (in the case of digital currencies ) or an Insolvency Event occurs in relation to any Underlying Instrument and/or its issuer or technology environment we may, acting in a commercially reasonable manner, make adjustments to your open Positions, Stop Loss Orders, Limit Orders to reflect those actions and to put you in a position as close as possible to that of a direct holder of the Underlying Instrument.



Charges and benefits will be accrued in the swap value field of the open trade Position.

The actions we may include, but are not limited to:

- Changing Margin Requirement and/or Margin Percentage both in relation to open Positions and new Positions;
- Making a reasonable and fair retrospective adjustment to the opening price of an open Position, to reflect the impact of the relevant action or event;
- Opening and/or closing one or more open Positions on your Account;
- Cancelling any Stop Loss Orders and Limit Orders;
- Suspending or modifying the application of any part of this PDS;
- Crediting or debiting sums to your Account as appropriate; and
- Taking all such other action, as we reasonably consider appropriate to reflect the effect of the relevant action or event.

#### 8.4 CONVERSION FEES

Profits or losses accumulated in your Account in currencies other than the Base Currency nominated by you will be converted to the nominated Base Currency, but at spreads that may be wider than those shown on the Trading Platform.

#### 8.5 ADMINISTRATION CHARGES

We reserve the right to charge the following additional fees:

<u>Administration service</u>	<u>Fee</u>
<b>Receipts</b>	Refer to the Website
<b>Withdrawals</b>	Refer to the Website
<b>Other</b>	
Duplicated statements by post	AUD 5.00 per page + AUD 20.00 postage
Transcripts of telephone conversations	Upon application
Debt collection	First call AUD 25.00 Second call AUD 200.00 Referral to agency AUD 1,000.00

All charges are inclusive of GST (where applicable).

### 9. TAXATION IMPLICATIONS

This section contains general information about the Australian taxation implications for Australian residents dealing in any Products, and is based on Australian taxation laws as at the date of this PDS. It is general information only, and does not take into account your objectives, financial situation or needs.

Australian residents and non-Australian residents should seek professional taxation advice that is based on their individual circumstances and in the case of non-residents the taxation laws of both Australia and their country of taxation before trading in any Products.

#### 9.1 TAXATION RULING: CONTRACTS FOR DIFFERENCE

The approach of the Commissioner of Taxation (**the Commissioner**) to the income tax and capital gains tax consequences of dealing in financial contracts for difference, such as CFDs, is reflected in Taxation Ruling 2005/15. We set out a summary of that ruling below which may also be relevant to the income tax treatment of Margin FX Contracts.

A copy of Taxation Ruling 2005/15 is available at [www.ato.gov.au](http://www.ato.gov.au).

It is the Commissioner's view that any gain a taxpayer makes from dealing in a CFD will be assessable income under section 6-5 of the *Income Tax Assessment Act 1997 (ITAA 1997)*, while any loss it makes from dealing in CFD will be an allowable deduction under section 8-1 of ITAA 1997 provided that:

- The CFD transaction is entered into as an ordinary part of carrying on a business; or
- The profit is made, or the loss is incurred, as a consequence of a business operation or commercial transaction entered into for the purpose of profit-making.

A gain from dealing in a CFD will also be assessable income under section 15-15 of ITAA 1997 where a taxpayer is carrying on, or has carried out, a profit-making undertaking or scheme, and the gain from it is not assessable under 6-5 of ITAA 1997. Correspondingly, a loss from dealing in a CFD where the gain would have been assessable under section 15-15 of ITAA 1997 is an allowable deduction under section 25-40 of ITAA 1997.

A gain or a loss from a CFD entered into for the purposes of recreation by gambling will not be assessable under either section 6-5 or 15-15 of ITAA 1997, or deductible under section 8-1 or 25-40 of that Act.

The Commissioner is also of the view that a capital gain or a capital loss from a CFD entered into for the purpose of recreation by gambling will be disregarded under paragraph 118-37 (1)(c) of ITAA 1997.

## **9.2 ADDITIONAL MATTERS NOT COVERED BY RULING**

The following matters are also relevant when dealing in CFDs.

### **9.2.1 CAPITAL GAINS TAX**

A CFD is a CGT asset under section 108-5 of ITAA 1997. On the maturity or closing-out of a CFD, CGT Event C2 happens (section 104-25 of 1997). However, to the extent that a gain from dealing in a CFD as a result of a CGT Event is assessable under section 6-5 or 15-15 of ITAA 1997, a capital gain arising from the event is reduced (section 118-20 of ITAA 1997). To the extent that a loss made from dealing in a CFD is deductible under sections 8-1 or 25-40 of ITAA 1997, the reduced cost base of the asset is reduced, thereby reducing the amount of the capital loss (subsection 110-55(4) of ITAA 1997).

Finally, in calculating any capital gain or loss, a taxpayer is entitled to take into account the cost of acquiring, holding and disposing of the CFD.

### **9.2.2 INTEREST**

Any interest received in relation to a CFD is assessable income.

### **9.2.3 INTEREST ON DEBIT BALANCES**

Any interest on the debit balance of an investor's account is deductible.

### **9.2.4 INTEREST PAID OR RECEIVED DUE TO HOLDING A CFD**

Interest that is paid or received due to holding a CFD forms part of any net gain or loss that a taxpayer makes when dealing in CFDs.

## **9.3 THE INCOME TAX TREATMENT OF MARGIN FX CONTRACTS**

It is significant that Income Tax Ruling 2005/15 did not refer specifically to Margin FX Contracts.

Margin FX Contracts take the same legal form as currency CFDs. It should, therefore, be reasonably expected that the taxation implications of dealing in both instruments, will be identical and will be treated accordingly by the Commissioner. However, it may well be that he will adopt the view that currency CFDs fall under Division 775 of ITAA 1997, because not only is the physical currency caught, but also a right to receive foreign currency, with an extended definition which would appear to include cash-settled margin foreign exchange contracts. It should, however, be noted that the tax treatment would appear to be the same whether a Margin FX Contract falls for treatment under the above Ruling or under Division 775; that is they are treated on revenue account.

It is problematic whether the entry into a Margin FX Contract could ever be regarded as an exercise in recreation by gambling.

#### 9.4 TAXATION OF FINANCIAL ARRANGEMENTS

The Tax Laws Amendment (Taxation of Financial Arrangements) Act (**the legislation**). This legislation provides a framework for the taxation of gains and losses from certain financial arrangements. Gains from the financial arrangements are assessable and losses are deductible.

The legislation generally applies to all “financial arrangements” as defined in subdivision 230-A or included by the additional operation of subdivision 230-J. However, certain financial arrangements, as detailed below are effectively subject to an exemption under subdivision 230-H.

Division 230 of the legislation provides a range of elective methods for determining gains and losses; namely the fair value method, the retranslation method, the hedging method and the financial reports method. Where these selective methods are not, or cannot be made, the appropriate treatment is either the accruals or realisation method.

Relevantly, the legislation does not apply to:

- Financial arrangements of individuals;
- Financial arrangements of superannuation funds (regulated and self-managed), approved deposit funds, pooled superannuation funds or managed investment schemes for the purposes of the Corporations Act 2001 where the value of the entity’s assets is less than \$1 million;
- Financial arrangements of authorised deposit-taking institutions, securitisation vehicles and financial sector entities with an aggregated annual turnover of less than \$20 million per year; or
- Financial arrangements of other entities:
  - with an aggregated annual turnover of less than \$100 million – where the value of the entity’s financial assets are less than \$100 million; and
  - where the value of the entity’s assets is less than \$300 million;

except where the taxpayer elects to have division 30 of the legislation apply to all of its financial arrangements.

It will be appreciated that the legislation will have limited application to investors in CFDs and Margin FX Contracts. However, there may be special circumstances where it may be beneficial for you to elect to apply division 30 to your financial arrangements.

You should therefore seek independent tax advice on how the legislation will apply to you.

#### 9.5 GOODS AND SERVICES TAX (GST) RULING

The Commissioner has also released a determination relating to the GST implications of trading in CFDs: GST Determination GSTD 2005/3.

The Commissioner has stated that the costs incurred in having a CFD Position open, such as commissions (on both opening and closing), dividend and corporate event adjustments, Daily Funding Charges and Margins are all considered financial supplies under the *A New Tax System* (Goods and Services Tax) Act 1999 (**the GST Act**). Consequently, they are input taxed and no GST is payable on their supply. GST may apply to certain fees and costs charged to you and you should obtain your own advice as to whether an input tax credit is available to you for such fees and charges as it will depend on your personal circumstances.

## 10. CHANGING YOUR MIND – COOLING OFF PROVISIONS

There are no cooling-off arrangements for our Products. This means that you do not have the right to return the product, nor request a refund of the money paid to acquire the Product. You are bound by the terms when you enter into a Contract.

## 11. OUR RIGHTS AND POWERS

### Default Events

We have extensive powers under the Terms and Conditions to take action where there is an Default Event (as defined in the Terms and Conditions). These include events which in FXTRADING.com's sole discretion, are deemed as being:

- Negligence;
- Mistake;
- Willful misconduct, (including commission churning, sniping, causing or contributing to or benefiting from a Material Error, moving the price of an Underlying Instrument or Contract, scalping, arbitraging off-market pricing);
- A breach of any provision, obligation, warranty or representation made under the Terms and Conditions;
- A failure at any time or for any period deemed reasonable by FXTRADING.com to respond to any notice or correspondence from FXTRADING.com;
- Taking advantage of what FXTRADING.com considers to be abnormal trading conditions; or
- The violation of any law.

Such events may amount to a Default Event whether caused by you, a person authorised by you to act on your behalf, or an employee, agent or assignee of you or of a person authorised to act on your behalf (whether or not known to us, and whether or not acting in concert with other natural persons or algorithmic tools).

Our powers (as described in the Terms and Conditions) enable us to, among other things, close out all or any of your Positions, immediately require payment of any amount you owe us and terminate the Agreement.

Further, if at any time Total Equity is at or below 100% of Total Margin Requirement, whilst it is not an Default Event, we may (but are not obliged to) close some or all of your open Positions at our absolute discretion.

We may amend or replace the Terms and Conditions by giving written notice of the changes. We will make changes for reasons, including:

- Making the provisions clearer or more favourable to you;
- Reflecting legitimate increases or reductions in the cost of providing services to you;
- Rectifying any mistakes that may be discovered;

- Reflecting any changes in the applicable laws, codes of practice or decisions by a court, ombudsman, regulator or similar body;
- Reflecting changes in market conditions;
- Reflecting changes in the way we do business.

We may also immediately terminate the Agreement and close your Account and any Position at any time by giving you written notice.

### **Force Majeure Events**

If we determine that a Force Majeure Event exists, then we may, at our sole discretion, take any one or more of the steps outlined in the Terms and Conditions. These steps include altering the Margin Percentage, amending or varying the Terms and Conditions and any transaction insofar as it is impractical or impossible for us to comply with our obligations to you and closing any or all open Positions as we deem to be appropriate in the circumstances.

### **Material Errors**

It is possible that errors, omissions or misquotes (Material Error) may occur in relation to Products, which by fault of either of us or any third party, is materially incorrect when taking into account market conditions and quotes in Underlying Instruments which prevailed at the time. A Material Error may include an incorrect price, date, time or other characteristic of a Product or any error or lack of clarity of any information. If a trade is based on a Material Error, we reserve the right without your consent to:

- Amend the terms and conditions of the Position to reflect what we consider to have been the fair price at the time the Position was entered into and there had been no Material Error;
- Close the trade and any open Positions resulting from it;
- Void the Position from the outset; or
- Refrain from taking action to amend or void the Position.

We will exercise our right in relation to Material Errors in good faith and as soon as reasonably practicable after we become aware of the Material Error. In the absence of fraud on our part, we are not liable to you for any loss, cost, claim, demand or expense that you incur or suffer (including loss of profits or indirect or consequential losses), arising from or connected with the Material Error including where the Material Error arising from an information service on which we rely.

We may, without notice, adjust your Account or require that any monies paid to you in relation to the Position the subject of the Material Error be repaid to us as a debt due payable to us on demand.

### **Manipulation**

If we believe that you have manipulated our prices, execution processes or Trading Platform, we may, in our sole and absolute discretion, without notice to you, take actions set out in the Terms and Conditions, including:

- Enforce the trade(s) against you if it is a trade(s) which results in you owing money to us;
- Treat some of or all your trades as void from the outset if they are trades which result in us owing money to you, unless you produce conclusive evidence (within 30 days of us giving you notice) that you have not committed any breach or warranty, misrepresentation or undertaking in the Terms and Conditions;
- Take such other action as we consider appropriate.

## **12. TERMS AND CONDITIONS**

This PDS summarises many important elements of the Terms and Conditions. However, it is not a comprehensive description of the terms and conditions of the Terms and Conditions and you must read the Terms and Conditions in its entirety. Indeed, you should consider seeking legal advice before entering into any transaction, as the terms and conditions contained in the Terms and Conditions are important and affect your dealings with us.

### 13. OUR DISCRETIONS

Under the Terms and Conditions, we may exercise a variety of discretions. In exercising such discretions, we will act in accordance with the following:

- (a) We will have due regard to our commercial objectives, which include;
  - (i) Maintaining our reputation as a product issuer;
  - (ii) Responding to the market forces;
  - (iii) Managing all forms of risks, including, but not limited to operational risk and market risk;
  - (iv) Complying with our legal obligations as a holder of an Australian Financial Services Licence;
- (b) We will act when necessary to protect our Position in relation to the trade or event; and
- (c) We will take into account the circumstances existing at the time and required by the relevant provision.

### 14. SUPERANNUATION FUNDS

Complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities. These are contained in the *Superannuation Industry Supervision Act 1993*, the regulations made under that Act, and circulars issued by past and present regulators of superannuation funds, namely the Insurance and Superannuation Commission, the Australian Prudential Regulation Authority and the Australian Taxation Office.

Some of the issues that should be considered by a trustee of a complying superannuation fund before entering into our financial products include:

- Prohibitions on borrowing and charging assets and whether dealing in financial products would breach those borrowing and charging prohibitions;
- The dealing in financial products in the context of a complying superannuation fund's investment strategy, together with the fiduciary duties and other obligations owed by trustees of those funds;
- The necessity for trustees of a complying superannuation fund to be familiar with the risk involved in dealing in financial products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and
- The consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to have complying status.

### 15. COMPLAINTS AND DISPUTE RESOLUTION

We have an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the Complaints Officer (by telephone, facsimile or letter) at the address and telephone numbers provided at section 1.2 in this PDS. We will investigate your complaint and provide you with our decision and the reasons on which it is based, in writing. We will seek to resolve your complaint within 21 days.

If your complaint is not resolved to your satisfaction within 45 days, you have the right to lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA is an approved external dispute resolution scheme, of which we are a member.

From 1 November 2018, you can contact AFCA by any of the means listed below:

By post to: AFCA  
GPO Box 3  
Melbourne VIC 3001  
Telephone: Free call 1800 367 287  
Facsimile: +61 3 9613 6399  
Email: info@fos.org.au  
Website: www.afca.org.au

Until 1 November 2018, you can contact FOS by any of the means listed below:

By post to: FOS  
GPO Box 3  
Melbourne VIC 3001  
Telephone: Free call 1800 367 287  
Facsimile: +61 3 9613 6399  
Email: info@fos.org.au  
Website: www.fos.org.au

You may also lodge a complaint with the Australian Securities and Investments Commission (**ASIC**) Infoline on 1300 300 630.

## 16. PRIVACY POLICY

Depending on the type of service being sought, we may ask you to provide certain personal information, either in writing or verbally. As a financial service provider, we have an obligation under the AML/CTF Act to verify your identity and the source of any funds. This means that we will ask you to present identification documents such as a passport and drivers licence, and we will retain copies of this information. This information will be kept strictly confidential and is used for the primary purpose of providing our services to you.

Your privacy is important to us and we are committed to compliance with the Privacy Act and the National Privacy Principles. We will not share your information with a third party unless you provide us with written permission to do so, or unless required to do so in accordance with the law.

You can obtain a copy of our Privacy Policy from our Website. You have the right to obtain a copy of any personal information that we hold about you and update or correct such information.

## 17. INTERPRETATION AND DEFINITIONS

### INTERPRETATION

- 1) The defined terms used in the PDS are capitalised and set out in this section.
- 2) If there is any conflict between the terms of the PDS and any Applicable Law, the Applicable Law (to the extent it cannot be excluded or modified by this PDS or the Terms and Conditions) will prevail.
- 3) In the PDS any reference to a person includes bodies corporate, unincorporated associations, partnerships and individuals.
- 4) In the PDS, all references to times of the day are to the time in Sydney, New South Wales, Australia, unless otherwise specified.
- 5) Headings and examples in the PDS are for reference only and do not affect the construction of the PDS.
- 6) In the PDS any reference to any enactment includes references to any statutory modification or re-enactment of such enactment or to any regulation or order made under such enactment (or under such a modification or re-enactment).

## DEFINITIONS

In the PDS the following terms and expressions have, unless the context otherwise requires, the following meanings:

<b>ACCOUNT</b>	means the account you have with us;
<b>ADI</b>	means an Authorised Deposit-Taking Institution;
<b>ADMINISTRATIVE FEE</b>	means applicable fees charge for Islamic Account;
<b>AGREEMENT</b>	means the Terms and Conditions, together with all documents referred to in the Terms and Conditions as amended, varied, or replaced from time to time;
<b>AML/CTF ACT</b>	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> (Cth) and all regulations, rules and instruments made under that Act;
<b>APPLICABLE LAWS</b>	means all: <ul style="list-style-type: none"> <li>a) applicable provisions of laws and regulations, including all relevant rules of government agencies, exchanges, trade and clearing associations and self-regulatory organisations, that apply to the parties, the Agreement and the transactions contemplated by the Agreement; and</li> <li>b) applicable Australian law; and</li> <li>c) applicable rules, regulations, customs and practices from time to time of any exchange, licensed financial market, clearing house, licensed clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or Contract and any exercise by such exchange, clearing house or other organisation or market of any power or authority conferred on it;</li> </ul>
<b>APPLICATION FORM</b>	means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with the AML/CTF Act, completed by you and submitted to us;
<b>ASIC</b>	means the Australian Securities and Investments Commission;
<b>ASSOCIATE</b>	means: <ul style="list-style-type: none"> <li>a) a person who is an officer, employee, agent, representative or associate of a party;</li> <li>b) a Related Body Corporate of a party; and</li> <li>c) a person who is an officer, employee, agent, representative or associate of a Related Body Corporate of a party;</li> </ul>
<b>AUD OR \$</b>	means Australian dollars;



<b>AUSTRALIAN CLIENT MONEY RULES</b>	means the provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client monies and property as modified by ASIC, and also includes the ASIC Client Money Reporting Rules 2017;
<b>AUSTRALIAN LAW</b>	means all laws, procedures, standards and codes of practice that apply in relation to the parties, the Terms and Conditions and the transactions contemplated by the Terms and Conditions, including the Corporations Act, the Australian Securities and Investment Commission Act 2001 (Cth), ASIC Policy and the Privacy Act 1998 (Cth);
<b>AUTHORISED USER</b>	means you and/or any person authorised by you to give instructions to us under the Terms and Conditions;
<b>BASE CURRENCY</b>	means Australian Dollars or another currency declared by FXTRADING.com to be the Base currency for a particular transaction or account type, or as otherwise agreed by FXTRADING.com with you.
<b>BULLION</b>	means gold, silver, palladium, or platinum;
<b>BUSINESS DAY</b>	means any day other than a Saturday, Sunday or public holiday on which banks are open for business in Sydney, New South Wales, Australia;
<b>CFD</b>	means a contract for difference, which is a contract between you and us under which you may make a profit or incur a loss arising from fluctuations in the price of the underlying instrument. It is defined as a Contract in the Terms and Conditions;
<b>COMMISSION</b>	means the fee paid to us for initiating a Contract;
<b>CLOSE OF BUSINESS</b>	means 5:00PM American EST;
<b>COMMODITY</b>	means oil, gas or such other commodity as referred to in our Trading Platform or Product Schedule;
<b>CONTRACT</b>	means any contract, whether oral or written, including any derivative, c contract for difference or other transaction relating to such financial products entered into by us with you;
<b>CONTRACT PRICE</b>	means the price we offer you to trade in our financial products from time to time and which is calculated by us as outlined on the Website
<b>CONTRACT QUANTITY</b>	means in relation to a Position, the number of Contract Units as the case may be, traded by you as stated in the Confirmation;
<b>CONTRACT UNIT</b>	means relevant unit for the type of Position you wish to trade with us.
<b>CONTRACT VALUE</b>	means the total value of the Position as calculated by us as outlined on the Website
<b>COORDINATED UNIVERSAL TIME</b>	Means UTC
<b>CORPORATIONS ACT</b>	means the Corporations Act 2001 (Cth);

<b>DIVISION EVENT</b>	means any event having, or with the potential to have, a diluting or concentrating effect on the value of, or the effect of changing the nature of, any Contract or Underlying Instrument not based on shares (including but not limited to digital currency) whether temporary or otherwise;
<b>CRYPTO CURRENCY</b>	means Bitcoin, Litecoin or any other crypto currency on which a CFD is based and offered by FXTRADING.com;
<b>DEFAULT EVENT</b>	<p>means any acts or omissions on the part of</p> <ul style="list-style-type: none"> <li>i. the Client;</li> <li>ii. an Authorised User; or</li> <li>iii. the Client or Authorised User's employee, agent or assignee (whether or not known to us, and whether or not acting in concert with other natural persons or algorithmic tools).</li> </ul> <p>which in FXTRADING.com's sole discretion, are deemed as being:</p> <ul style="list-style-type: none"> <li>a) negligence;</li> <li>b) mistake;</li> <li>c) willful misconduct, (including commission churning, sniping, causing or contributing to or benefiting from a Material Error, moving the price of an Underlying Instrument or Contract, scalping, arbitraging off-market pricing);</li> <li>d) a breach of any provision, obligation, warranty or representation made under this Agreement (and/or any information provided to FXTRADING.com in connection with this Agreement is or has become untrue or misleading);</li> <li>e) a failure at any time or for any period deemed reasonable by FXTRADING.com to respond to any notice or correspondence from FXTRADING.com;</li> <li>f) taking advantage of what FXTRADING.com considers to be abnormal trading conditions; or</li> <li>g) the violation of any law.</li> </ul>
<b>EXCHANGE RATE</b>	means the exchange rate we may offer to you from time to time having regard to the applicable rates in the market and our markup, and which is available to you from us via the Trading Platform or on request;
<b>FREE MARGIN</b>	means Total Equity less Total Margin Requirement;
<b>AFCA</b>	means the Australian Financial Complaints Authority
<b>FORCE MAJEURE EVENT</b>	means events or causes including, but not limited to, the following: an act of God, unavoidable accident of navigation, war (whether declared or not), sabotage, riot, insurrection, civil commotion, national emergency (whether in fact or law), martial law, fire, flood, cyclone, earthquake, landslide, explosion, power or water shortage, failure of a transmission or communication network, epidemic, quarantine, strike or other labour difficulty or expropriation, restriction, prohibition, law, regulation, decree

	or other legally enforceable order of a government agency, breakage or accident, change of International, State or Commonwealth law or regulation or any damage of FXTRADING.com's machinery or systems, unless occurring as a result of an act, omission, default or negligence of the Client or FXTRADING.com;
<b>FSG</b>	means our relevant Financial Services Guide, including any supplementary and replacement financial services guide;
<b>INDEX</b>	means the market index on which a CFD is based;
<b>INITIAL MARGIN</b>	has the meaning referred to in section 3.1;
<b>INSOLVENCY EVENT</b>	<p>means any of the following:</p> <ul style="list-style-type: none"> <li>(a) an order, or an application for an order, is made by or to a court: <ul style="list-style-type: none"> <li>(i) that a corporate Client be wound up; or</li> <li>(ii) appointing a liquidator or provisional liquidator for a corporate Client;</li> </ul> </li> <li>(b) a liquidator, provisional liquidator or controller is otherwise appointed to a corporate Client;</li> <li>(c) a resolution is passed to appoint an administrator to a corporate Client;</li> <li>(d) a corporate Client enters into a deed of arrangement or propose a reorganisation, moratorium or other administration involving all or any of the Client's creditors;</li> <li>(e) a corporate Client is dissolved or wound up in any other way;</li> <li>(f) the Client is unable, or states that they are unable, to pay their debts as and when they fall due, or otherwise states that they are insolvent;</li> <li>(g) the Client seeks or obtains protection from any of their creditors under any legislation;</li> <li>(h) the Client commits an act of bankruptcy as defined in the Bankruptcy Act 1966 (Cth) as varied from time to time ;</li> <li>(i) a bankruptcy petition is presented in respect of the Client or, if the Client is a member of a partnership, in respect of one or more of the partners;</li> <li>(j) any security interest becomes enforceable against the Client and the beneficiary of that security interest takes steps to enforce the security or charge; or</li> <li>(k) any other event having substantially the same legal effect as the events specified in paragraphs (a) to (j) above.</li> </ul>
<b>LIMIT ORDER</b>	has the meaning referred to in section 2.13;

<b>MARGIN</b>	means the amount that you must pay to us and have in your Account to enter into or maintain a Position with us in accordance with the Terms and Conditions;
<b>MARGIN CALL</b>	means a call on you normally made via the Trading Platform, requesting you to top up the amount of money you have in your Account as Margin;
<b>MARGIN FX CONTRACT</b>	means a contract between you and us under which you may make a profit or incur a loss arising from fluctuations in the price of the underlying currencies. It is defined as a Contract in the Terms and Conditions;
<b>MARGIN PERCENTAGE</b>	means such percentage as specified by us, and as amended by us in accordance with the Terms and Conditions from time to time;
<b>MARGIN REQUIREMENT</b>	means the amount of money you are required to pay to us and deposit with us for entering into a trade and/or maintaining an open Position;
<b>MARKET ORDER</b>	means an order placed to buy or sell a Margin FX Contract CFD at the current price on our Trading Platform or as advised to you;
<b>MATERIAL ERROR</b>	means errors, omissions or misquotes that may occur in relation to Products;
<b>MAXIMUM TRADING SIZE</b>	means such maximum Contract Quantity or Contract Value as we may specify through our Trading Platform or Product Schedule from time to time for any type of Product;
<b>MINIMUM TRADING SIZE</b>	means such minimum Contract Quantity or Contract Value as we may specify on our Website from time to time for any type of Product;
<b>MT4</b>	means the MetaTrader4 platform;
<b>OTC</b>	means Over The Counter;
<b>PDS</b>	means this Product Disclosure Statement, including any supplementary and replacement Product Disclosure Statement;
<b>POSITION</b>	means the long or short Position you have taken with us;
<b>PRODUCTS</b>	means any of the Margin FX Contracts or CFDs listed in the Product Schedule at any given time;
<b>PRODUCT SCHEDULE</b>	means the list of available Products offered by us and the associated details, which is available on the Website;
<b>RELATED ENTITY</b>	is as defined in the Corporations Act 2001 (Cth) as varied from time to time;
<b>RELATED BODY CORPORATE</b>	has the meaning given in the Corporations Act as varied from time to time, with any necessary modifications for companies incorporated outside Australia;
<b>RETAIL CLIENT</b>	means a person who is not a Wholesale Client or a Sophisticated Investor.

<b>SERVICES</b>	means the services provided by us under the Terms and Conditions;
<b>SOPHISTICATED INVESTOR</b>	means a person who would be a Wholesale Client only through the application of section 761GA of the Corporations Act 2001 (Cth);
<b>SPREAD</b>	means the difference in the bid and offer prices of a Product quoted from time to time by us and, where appropriate, expressed as a percentage of the relevant price;
<b>STOP LOSS ORDER</b>	has the meaning referred to in section 2.13;
<b>SWAP BENEFIT</b>	means a benefit you may receive on a Position held overnight in a Position and which is described on the Website.
<b>SWAP CHARGE</b>	means a charge you may have to pay on a Position held overnight in a Product and which is described on the Website.
<b>SWAP RATE</b>	means the rate determined by us from time to time having regard to, among things, market rates and Financing Rates;
<b>TOTAL EQUITY</b>	means the aggregate of the current cash balance in your Account, taking into account all your current realised profits and losses, commissions, swaps and your current unrealised profits and losses;
<b>TOTAL MARGIN REQUIREMENT</b>	means the sum of your Margin Requirements for all of your open Positions;
<b>TRADING PLATFORM</b>	means the trading platform we make available to you by which you may trade with us online in our Products. This includes any electronic service provided by us, for example an internet trading service offering clients access to information and trading facilities, via an internet service, a WAP service and/or an electronic order routing system and relevant software provided by us to enable you to use an electronic trading service.
<b>UNDERLYING INSTRUMENT</b>	means the Index, Commodity, currency, Bullion, Crypto Currency or other instrument or asset or factor the reference to which the value of a Product is determined;
<b>UNDERLYING MARKET</b>	means the market in which the Underlying Instrument is traded;
<b>WE/ US/ OUR / FXTRADING.COM</b>	means Intelligent Financial Markets Pty Ltd (ACN 155 185 014);
<b>WEBSITE</b>	means any page hosted by the web domain name FXTRADING.com and includes the Trading Platform;
<b>WHOLESALE CLIENT</b>	has the same meaning as in section 761G of the Corporations Act 2001 (Cth) but does not include a Sophisticated Investor.