



# PRODUCT DISCLOSURE STATEMENT

## **FXTRADING.com - PRODUCT DISCLOSURE STATEMENT**

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Gleneagle Securities (Aust) Pty Limited trading as FXTRADING.com (FXTRADING.com)

ABN 58 136 930 526,

Australian Financial Services Licence No. 337 985

Issue Date: 1 April 2019

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#### 1.1 This PDS

This Product Disclosure Statement (**PDS**) is dated 1 April 2019 and was prepared by Gleneagle Securities (Aust) Pty Limited ABN 58 136 930 526; AFSL 337 985, trading as FXTRADING.com (**FXTRADING.com**), as the issuer of the following over the counter (**OTC**) Products:

- spot foreign exchange currency pairs (Spot FX Product);
  - spot metals (Spot Metals Product);
  - Indices; and
  - Commodity Derivatives
- collectively referred to as **FXTRADING.com Products**.

All financial products issued by FXTRADING.com are over-the-counter-derivative financial products and are not exchange-traded financial products.

This PDS describes the key features of FXTRADING.com Products, their benefits, risks, the costs and fees of trading in FXTRADING.com Products and other related information. FXTRADING.com Products are sophisticated financial products so you should read this PDS and the Financial Product Service Terms in full before making any decision to invest in them.

**In particular, please read the Key Information in Section 3 and the Significant Risks in Section 4.**

This PDS is designed to help you decide whether the FXTRADING.com Products described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with similar financial products offered by other issuers.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 7).

#### 1.2 Your Liability

Your potential liability is not limited to the amount you pay or we keep in the FXTRADING.com Trust Account. We may ask you to pay amounts in excess of those amounts to cover any shortfall.

**Your liability on FXTRADING.com Products can be unlimited.**

You should carefully consider the risks of FXTRADING.com Products and your capacity to meet your liability before investing in FXTRADING.com Products.

#### 1.3 FXTRADING.com does not give personal advice

FXTRADING.com will not give you personal financial advice. This PDS does not constitute a recommendation or opinion that FXTRADING.com Products are appropriate for you.

Potential investors should be experienced in OTC and derivative financial products and understand and accept the risks of investing in FXTRADING.com Products. The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs. This PDS does not constitute advice to you on whether FXTRADING.com Products are appropriate for you. This PDS describes the FXTRADING.com Products which are issued to you in accordance with the Financial Product Service Terms. You should read all of this PDS and the Financial Product Service Terms before making a decision to deal in financial products covered by this PDS. We recommend that you contact us if you have any

questions arising from this PDS or the Financial Product Service Terms prior to entering into any Transactions with us. FXTRADING.com recommends that you obtain independent legal, financial and tax advice before trading.

#### 1.4 Your Suitability to Trade FXTRADING.com Products

If we ask you for your personal information to assess your suitability to trade FXTRADING.com Products and we accept your application to trade FXTRADING.com 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 and is separate from your decision to trade FXTRADING.com Products. You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether these FXTRADING.com Products or any particular OTC Products are suitable for you.

#### 1.5 Currency of PDS

A copy of this PDS and the Financial Product Service Terms can be downloaded from the website or you can call FXTRADING.com to request that a paper copy of them be provided to you free of charge.

The information in this PDS is up to date at the time it was prepared but is subject to change at any time. Any updates will be posted on the FXTRADING.com website ([www.FXTRADING.com](http://www.FXTRADING.com)). If the new information is information which is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find updated information on the FXTRADING.com website (at [www.FXTRADING.com](http://www.FXTRADING.com)) or by calling FXTRADING.com using the contact details given in this document. If you ask, FXTRADING.com will send you without charge a paper copy of the information.

#### 1.6 Contact

FXTRADING.com can be contacted at:

Telephone: 1800 FXTRADING (+61 1800 398 723)

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

Website: <https://FXTRADING.com>

Level 27, 25 Bligh Street

Sydney NSW 2000

### Section 2 – Features

#### Key Information

##### 2.1 Key Features of FXTRADING.com Products

- FXTRADING.com Products are sophisticated, high-risk, over-the counter financial products issued by FXTRADING.com. They are not exchange-traded.
- Each FXTRADING.com Product which is agreed and entered into with you will be entered into by FXTRADING.com as principal. FXTRADING.com makes a market in its products since it regularly states the price at which it is prepared to deal with a client as principal.
- Unlike products traded on an Exchange, OTC products are not forced to have the same standardised contract specifications as the exchange traded products. The sizes of the FXTRADING.com Products are expressed in Lot Sizes, depending on the particular financial product traded.
- You (the **Client**) must fund your Account with FXTRADING.com before FXTRADING.com Products

may be issued to you. You do this by paying at least the Initial Margin.

- You remain liable to pay later Margin amounts and to maintain the required amount of Margin. If you do not maintain the required Margin or you do not pay the required Margin call by the required time, your FXTRADING.com Products can be Closed Out and you remain liable to pay for any remaining shortfall.
- There is high degree of leverage in FXTRADING.com Products because you pay to FXTRADING.com only Margin, not the full face value. All payments to FXTRADING.com for FXTRADING.com Products are paid as Margin, therefore the more Margin you pay, the less leverage you have.

##### 2.2 Key Benefits of FXTRADING.com Products

- **Hedging:** FXTRADING.com Products can be used as important risk management tools. For example, OTC contracts for FX are used to hedge foreign exchange currency exposures, protect against adverse exchange rate movements and provide certainty of foreign exchange rates and cash flow. Metal Products can give some protection against movements in the market price of the underlying asset and provide increased cash flow certainty.
- **Speculation:** FXTRADING.com Products can be used for speculation, with a view to profiting from fluctuations in the underlying market, e.g., exchange rate fluctuations for FX or the market price of the underlying asset for Metal and Commodities Products.
- **Profit potential in both rising and falling markets:** Since the markets are constantly moving, there are almost always trading opportunities, whether a currency is strengthening or weakening in relation to another currency or the market price of the underlying asset is rising or falling. There is a potential for profit (and loss) in both rising and falling markets depending on the strategy you have employed. Strategies may be complex and each strategy will have different levels of risk associated with them.
- **Tailored** – A major benefit of entering into FXTRADING.com Products is that the transaction is not forced to have the same standardised contract specifications as the exchange traded contracts. For example, FXTRADING.com allows you to enter into transactions in smaller amounts for example 0.01 of a Lot, whereas exchange-traded contracts are a standard size.
- **Leverage:** The use of FXTRADING.com Products involves a high degree of leverage. These OTC products enable a Client to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the full face value of the product. This leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

##### 2.3 Key Risks of FXTRADING.com Products

This is an outline of the key risks of investing in FXTRADING.com issued products. For a description of all of the significant risks, please see Section 4.

- **Leverage** – FXTRADING.com Products are highly leveraged. This is because the amount you pay (Margin) to FXTRADING.com is significantly less than the full face value. You should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay FXTRADING.com more Margin and those Margin requirements changing

rapidly in response to changes in the relevant underlying market.

- **Loss of your moneys** – Your potential losses on dealing in FXTRADING.com Products may exceed the amounts you pay (as Margin) for your FXTRADING.com Products, or amounts FXTRADING.com holds in FXTRADING.com’s Trust Account.
- **Unlimited loss** – Your potential losses on FXTRADING.com Products may be unlimited.
- **Limited recourse** – FXTRADING.com limits its liability to you under the terms of the FXTRADING.com Products by the extent to which FXTRADING.com actually recovers against its Hedge Counterparty and allocates that to your FXTRADING.com Products. This key risk is linked to “counterparty risk”. Both limited recourse risk and counterparty risk are further explained in Section 3 under “Your Counterparty Risk on FXTRADING.com”.
- **Margining** – You are liable to pay Margin before FXTRADING.com Products are issued and you may be required to pay more Margin before FXTRADING.com Products are Closed Out. Margin requirements can change rapidly. If you do not meet Margin requirements, including at little or no notice, all or portion of your FXTRADING.com Products may be Closed Out without notice to you.
- **Foreign Exchange** – FXTRADING.com Products which are denominated in foreign currency can expose you to rapid, significant and large changes to the value of your Trading Account.
- **Counterparty risk** – you have the risk that FXTRADING.com will not meet its obligations to you under the FXTRADING.com Products. FXTRADING.com Products are not exchange-traded so you need to consider the credit and performance risk you have on FXTRADING.com and the limited recourse arrangements. This is further explained in Section 3 under “Your Counterparty Risk on FXTRADING.com”.

## 2.4 Your suitability

Some key suitability considerations for you are:

- whether you have experience in trading in the financial products which relate to the FXTRADING.com Products you choose;
- whether you understand the terms of FXTRADING.com Products and how they work;
- whether you understand the concepts of leverage, margins and volatile markets and prices;
- whether you accept a high degree of risk in trading in FXTRADING.com Products;
- whether you understand that the nature of trading in OTC financial products such as FXTRADING.com Products do not provide investors with interests or rights in the underlying financial products which relate to the FXTRADING.com Products;
- whether you understand the processes and technologies used in trading FXTRADING.com Products;
- whether you can monitor your investments in FXTRADING.com and manage them in a volatile market;
- whether you can manage the risks of trading in FXTRADING.com Products;

- whether you have financial resources to provide more Margin, especially on little or no notice; and
- whether you can bear substantial losses that might arise from trading in FXTRADING.com Products, especially the potentially unlimited losses on dealing in short FXTRADING.com Products.

Our assessment of your suitability is based on your information and any other information we ask and you give us. Our policy includes assessing the information you give us by your online responses, the information you give us and any responses you give us by email, telephone or in meetings. We may keep the information which you give us to help monitor our policy and for the requirements of a financial services licensee.

As a result of our assessment we might limit some features for your Account.

Our assessment of your suitability to trade in FXTRADING.com Products and any limits we set for your Account (or later change to those limits) should not be taken as personal advice to you to trade in FXTRADING.com Products nor does it imply that we are responsible for any of your losses from trading in FXTRADING.com Products.

To the extent permitted by law, we do not accept liability for your choice to invest in any FXTRADING.com Products so you should read all of this PDS carefully, consider your own needs and objectives for investing in these FXTRADING.com Products and take independent advice as you see fit.

Even if we assess you as suitable to commence trading FXTRADING.com Products with us, we urge you to use our demonstration accounts for a while to ensure you are familiar with the terminology of FXTRADING.com Products and how they work.

## 2.5 Nature of FXTRADING.com Products

FXTRADING.com Products are sophisticated over-the-counter financial products that you buy from FXTRADING.com. The terms of any payment when it is Closed Out reflects the performance of an Underlying Security that you have chosen including, among others, foreign exchange and spot precious metals. The amount of profit or loss is determined by the difference between the price at which the FXTRADING.com Product is bought and the price at which it is Closed Out, adjusted to reflect interest payments (or swap, as it is commonly referred to) or any other charges where applicable (as described in Section 5). It is important to note that no physical delivery of either the FXTRADING.com Product or the Underlying Security takes place.

FXTRADING.com Products are tailored either by Lot sizes or units and do not have the same standardised contract specifications as exchange traded contracts. The terms of FXTRADING.com Products are based on the Financial Product Service Terms with FXTRADING.com, which apply to your Trading Account(s) and your FXTRADING.com Products.

All FXTRADING.com Products traded are subject to Margin requirements, which means you (the Client) are required to pay to FXTRADING.com at least the minimum required Margin.

Essentially, the amount of any realised profit or loss made on the FXTRADING.com Product will be equal to the net of:

- the difference between the Transaction Price of the FXTRADING.com Products when the Transaction is opened and the Transaction Price of the FXTRADING.com Products when the Transaction is

Closed Out, multiplied by the units or Lots traded and the standard volume size per (1.00 Lot);

- for all FXTRADING.com Products any Finance Charge Adjustment / Finance Credit Adjustment on the position held overnight;
- any Transaction Fees payable in respect of the FXTRADING.com Products and any other charges (for more information on Fees and Charges see Section 5 of this PDS).

Your Equity will also be affected by other amounts you must pay in respect of your Account such as Finance Charges on your Account and conversion costs (for more information on costs, fees and charges in respect of your Account, see Section 5 of this PDS).

## **2.6 Types of FXTRADING.com Products**

### **2.6.1 Spot FX Product**

A Spot FX Product is an OTC agreement to exchange an amount in one currency for an amount in another currency at an Exchange Rate agreed on the day of the trade. When you trade FX Products, you trade a combination of two currencies (known as a currency pair). An FX Product is opened by buying a FXTRADING.com Product which is based on either buying or selling the currency pair. The buying or selling is in reference to the buying or selling of the Base Currency (but remember no physical delivery ever takes place). For example if you were buying USDJPY, you would be buying USD by selling JPY, whereas if you were selling JPYUSD you would be selling JPY and buying USD.

Trades cannot be executed below set minimum trade sizes expressed as a portion of a Lot or unit and varies depending on the FXTRADING.com Products traded on the various MT4 Trading Platform, for instance the minimum Lot size traded on the MT4 Trading Platform Trading Account is 0.01 Lot (step 0.01 Lot(s)), with 1 Lot being equivalent to 100,000 units of Base Currency.

FX Products traded cannot be settled by the physical or deliverable settlement of the currencies on their Value Date; rather, these financial products can be rolled or swapped indefinitely until you decide to Close Out the Transaction i.e. FX Products do not have set expiry dates and will remain open until Closed Out. Refer to Section 3.17 under "Rolling over or swapping" for more details and for the relating fees and charges refer to the Section 5 "Finance Charge Adjustment/ Finance Credit Adjustment".

### **2.6.2 Spot Metal Product**

A Spot Metal Product is an OTC agreement settled in cash by reference to buying or selling spot gold and silver at the Spot price agreed on the day traded against the US dollar.

A Metal Product is opened by either buying or selling by reference to the Spot metal traded against USD. For example if you were buying Gold spot, you would be buying gold by selling a reference amount of USD, whereas if you were selling Mini Silver spot, you would be selling silver by buying a reference amount of USD.

Trades cannot be executed below set minimum trade sizes expressed as a portion of a Lot or unit and varies depending on the FXTRADING.com Products traded on the various MT4 Trading Platform, for instance the minimum contract size traded on the Prime Meta Trader Trading Account is 0.01 Lot (step 0.01 Lot) with 1 Lot of Gold being equivalent to 100 ounces and 1 Lot of mini silver being equivalent to 500 ounces.

Spot Metal Products traded cannot be settled by the physical or deliverable settlement of the spot metals on their Value Date, rather these products can be rolled or swapped indefinitely until you decide to Close Out the Transaction i.e. Spot Metal Products do not have set expiry dates and will remain open until Closed Out. Refer to Section 3.17 under "Rolling over or swapping" for more details and for the relating fees and charges refer to the Section 5 under "Finance Charge Adjustment/ Finance Credit Adjustment".

### **2.6.3 Indices / Index (cash)**

Trading in respect of movements in indices allows you to gain indirect exposure to a large number of different shares in one single transaction. They can also be used to take positions on the direction of a whole market without taking a view on the prospects for any particular company's shares.

Indices derive their price from the real time fluctuations in the value of the index which makes up the Underlying Security for the FXTRADING.com Product, as calculated by the relevant Exchange or index sponsor, as the case may be for each particular index or, if that is not available, FXTRADING.com's determination of the index level.

Similar to equity derivatives, prices are normally only quoted for Indices and can only be traded during the open market hours of the relevant futures Exchange (or within any more limited hours set from time to time by FXTRADING.com

When trading on futures Exchange, it is important to remember that the current price of the underlying futures contracts will not normally be the same as the price of the underlying index.

Indices allow you to trade anticipated market trends rather than individual shares or other financial products. In addition, Margin requirements for Indices are typically lower than for equity derivatives.

Indices do not have set expiry dates and will remain open until Closed Out - refer to the Section 5 under "Finance Charge Adjustment / Finance Credit Adjustment" for the fees and charges relating to keeping the position open.

### **2.6.4 Commodity Derivatives**

Commodity Derivatives are an easy way to access indirectly commodities markets, such as oil. Commodity Derivatives give traders and investors indirect exposure to the underlying commodity without physical delivery, with the trading features of FXTRADING.com Products being a simple alternative to directly trading in the exchange traded Futures Contract for those commodities.

All Commodity Derivatives will be cash settled.

Instead of directly trading on the futures Exchanges – with sometimes prohibitive contract sizes and high collateral requirements – investors can access leveraged commodity trading with reduced initial investment through Commodity Derivatives.

Trades cannot be executed below set minimum trade sizes expressed as a portion of a Lot or unit.

For instance, trading on MT4 Trading Platform, the Commodity Derivative minimum quantity of US Crude Oil is equivalent to 100 barrels of the underlying commodity, compared with the relevant Exchange's minimum Futures Contract trade size of 1 contract equivalent to 1,000 barrels of the underlying commodity, which means easier and more flexible trading.

Commodity Derivatives have set Expiry Dates, upon or after which the position will be Closed Out automatically.

Commodity Derivatives will not incur any overnight Financing Charge Adjustment. All costs for Commodity Derivatives are factored in to the pricing.

## 2.7 Benchmark Disclosure

ASIC has benchmarks for over-the-counter derivatives which include OTC margin foreign exchange financial products. While it is not clear that ASIC's benchmarks apply to any or all of the FXTRADING.com Products, FXTRADING.com has chosen to apply the benchmarks to all of the FXTRADING.com Products.

It is important to note that the benchmarks are not mandatory and are not law. ASIC has introduced them by way of stating in Regulatory Guide 227 ASIC's expectations. Not meeting the benchmarks is not an indication of breaches or failures. Rather, the benchmarks in RG 227 also require prominent disclosure in a PDS as to whether an issuer meets the benchmarks or, if not, the reasons why they are not met are explained in the PDS. ASIC also states in its RG 227 that it should also apply to margin foreign exchange financial products and comparable financial products but without describing any further how that actually applies.

The following table summarises the benchmarks as FXTRADING.com applies them to FXTRADING.com Products, whether FXTRADING.com meets them and, if not, why not.

The table also refers you to other Sections of this PDS for more information on relevant topics (to avoid duplicating the information in this PDS).

| ASIC RG 227 Benchmark  | FXTRADING.com Disclosure   |
|--|--|
| <p><b>1 Client qualification</b></p> <p>If an issuer meets this benchmark, the PDS should clearly explain:</p> <ul style="list-style-type: none"> <li>that trading in FX Products is not suitable for all investors because of the significant risks involved; and</li> <li>how the issuer's client qualification policy operates in practice.</li> </ul>  | <p>FXTRADING.com believes that it meets this benchmark. Please see Section 2 under "Your Suitability".</p>   |
| <p><b>2. Opening collateral</b></p> <p>If an issuer meets this benchmark, the PDS should explain the types of assets the issuer will accept as opening collateral.</p> <p>If an issuer accepts non-cash assets as opening collateral (other than credit cards to a limit of \$1000), the PDS should explain why the issuer does so and the additional risks that using other types of assets (e.g. securities and real property) as opening collateral may pose for the investor. This includes, for example, the risks of 'double leverage' if leveraged assets are accepted as opening</p> | <p>FXTRADING.com does not meet this benchmark because it accepts as collateral for opening the account payments by credit card for more than \$1,000 for FXTRADING.com Products.</p> <p>The additional risks of paying by credit card are described in Section 6 under "Applications".</p> <p>FXTRADING.com otherwise meets this benchmark and only accepts cash or cash equivalents as opening collateral. No other opening collateral (such as securities) are accepted.</p> |

| ASIC RG 227 Benchmark   | FXTRADING.com Disclosure  |
|---|---|
| collateral.   |   |
| <p><b>3. Counterparty risk - Hedging</b></p> <p>If an issuer meets this benchmark, the PDS should provide the following explanations:</p> <ul style="list-style-type: none"> <li>a broad overview of the nature of hedging activity the issuer undertakes to mitigate its market risk, and the factors the issuer takes into account when selecting hedging counterparties; and</li> <li>details about where investors can find the issuer's more detailed policy on the activities it undertakes to mitigate its counterparty and market risk, and the names of any hedging counterparties.</li> </ul> <p>If an issuer does not meet this benchmark, it should disclose this in the PDS and explain why this is so.</p> <p>The PDS must include information about the significant risks associated with the product: s1013D (1) (c). The PDS should also provide a clear explanation of the counterparty risk associated with FX Products. The PDS should explain that, if the issuer defaults on its obligations, investors may become unsecured creditors in an administration or liquidation and will not have recourse to any underlying assets in the event of the issuer's insolvency.</p> | <p>FXTRADING.com believes it meets this benchmark because it discloses in its PDS that it operates a market making model.</p> <p>This PDS complies with the requirements to include information about the significant risks associated with the FXTRADING.com Products (see Section 4) and also provides an explanation of the counterparty risk associated with FXTRADING.com Products (see Section 3 under "Your Counterparty Risk on FXTRADING.com").</p> <p>This PDS explains that, if FXTRADING.com defaults on its obligations, investors may become unsecured creditors in an administration or liquidation.</p> |
| <p><b>4 Counterparty risk— Financial resources</b></p> <p>If an issuer meets this benchmark, the PDS should explain how the issuer's policy operates in practice.</p> <p>An issuer should also make available to prospective investors a copy of its latest audited annual financial statement, either online or upon request.</p>  | <p>FXTRADING.com believes it meets this benchmark.</p> <p>FXTRADING.com makes available copies of its latest audited annual financial statement free of charge upon request.</p> <p>This PDS includes information about FXTRADING.com's policy on maintaining adequate financial resources see Section 3 under "Your Counterparty Risk on FXTRADING.com".</p>   |
| <p><b>5 Client money</b></p> <p>If an issuer meets this benchmark, the PDS</p>  | <p>FXTRADING.com believes it meets this benchmark in all respects.</p>  |

| ASIC RG 227 Benchmark   | FXTRADING.com Disclosure  |
|---|---|
| <p>should clearly:</p> <ul style="list-style-type: none"> <li>• describe the issuer's client money policy, including how the issuer deals with client money and when, and on what basis, it makes withdrawals from client money; and</li> <li>• explain the counterparty risk associated with the use of client money for derivatives.</li> </ul> | <p>The features and risks of this are clearly and prominently explained in this PDS as are the additional risks to client money arising by these features - see Sections 3 and 4.</p>   |
| <p><b>6 Suspended or halted underlying assets</b></p> <p>If an issuer meets the benchmark, the PDS should explain the issuer's approach to trading when underlying assets are suspended or halted.</p>  | <p>FXTRADING.com believes it meets this benchmark in all respects.</p> <p>FXTRADING.com's approach to trading when underlying assets are suspended or halted and its discretions in relation to that are described in Section 3.2 and 3.3.</p> <p>FXTRADING.com's discretions and how it manages its positions are described in Section 6 under "Discretions".</p>  |
| <p><b>7 Margin calls</b></p> <p>If an issuer meets this benchmark, the PDS should explain the issuer's policy and margin call practices.</p> <p>If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described above, it should disclose this in the PDS and explain why this is so.</p>       | <p>FXTRADING.com does <b>not</b> meet this benchmark in certain respects.</p> <p>FXTRADING.com describes its margin policy at Section 3 under "Payments and Client Moneys" subheading "Margin Policy" and the associated risks at Section 4.</p> <p>FXTRADING.com does not commit to taking any reasonable steps to notify investors before making a Margin call because that is contrary to the Financial Product Service Terms and, if it applied, would tend to have a worse financial effect for all Clients generally, since they could all suffer adverse price movements while waiting for an undefined reasonable notice period, that may only later be decided after lengthy and costly legal proceedings.</p> |

## Section 3 – How to Trade

### 3.1 Your Account

You need to establish your Account by completing FXTRADING.com's Account application form, which will be made available for you by contacting FXTRADING.com directly or online via the website <https://FXTRADING.com>

Within your Account you may have one or more Trading Accounts. A Trading Account is a sub-account of your Account which is required to be established for a specific method of dealing, such as for dealings on an online trading platform or for dealings in a particular product.

By opening a Trading Account, you agree to the Financial Product Service Terms. Your Financial Product Service Terms set out the legal terms governing your Account and your dealing in FXTRADING.com Products.

### 3.2 Opening FXTRADING.com Products

The particular terms of each FXTRADING.com Product are agreed between you and FXTRADING.com before entering into the Transaction.

Before you enter into FXTRADING.com Products, FXTRADING.com will require you to have sufficient Equity (as defined in the Glossary in Section 7) to satisfy the Initial Margin requirement for the relevant Lots of FXTRADING.com Products you wish to acquire.

All of the payments which you make to FXTRADING.com are applied as Margin (and, if fees and charges are due, the actual Margin amount credited to your Trading Account will be an amount net of those fees and charges). The fees and charges for transacting FXTRADING.com Products with FXTRADING.com are set out in Section 5 of this PDS.

FXTRADING.com Products are opened with the specifications for either buying (going long) or selling (going short). You go "long" when you buy FXTRADING.com Products in the expectation that the price of the Underlying Security to which the FXTRADING.com Product is referable will increase, which would have the effect that the price of the FXTRADING.com Product would increase. You go "short" when you buy FXTRADING.com Products in the expectation that the price of the Underlying Security to which the FXTRADING.com Product is referable will decrease, which would have the effect that the FXTRADING.com Product will decline. You do not "sell short" the actual FXTRADING.com Product – it is the specifications of the FXTRADING.com Product that have the long or short trading conditions.

(References to "selling" FXTRADING.com Products are a short hand, common sense way of referring to buying FXTRADING.com Products opposite to the one you have in order to Close it Out.)

### 3.3 Closing Out FXTRADING.com Products

FXTRADING.com Products do not expire or have a fixed term of existence, so they must be Closed Out by you or rolled into the next contract month prior to expiry otherwise the contract will be Closed Out by FXTRADING.com.

FXTRADING.com Products cannot be settled by physical or deliverable settlement of the Underlying Security on the Value Date and will be continuously rolled or swapped until they are Closed Out.

If you wish to Close Out FXTRADING.com Products before it expires and for the Open Positions to be 'netted out', you must select the Open Order with the view to closing the existing FXTRADING.com Product position (or part of it) at the Transaction Price quoted.

If, instead, you trade an equal and opposite FXTRADING.com Product to the open FXTRADING.com Product, each position will generate a floating (unrealised) profit or loss and will not be 'netted out'. However you should be aware that by not netting out positions additional fees and charges will be incurred and increased Margin requirements since both positions would be treated as Open Positions.

Profits and/or losses are realised if positions have been Closed Out. Profits and/or losses are unrealised if only one side of the transaction has been completed i.e. it remains an Open Position.

The amount of any profit or loss you make on a FXTRADING.com Product will be based on the difference between the amount paid for the FXTRADING.com Product when it is issued (including fees and charges) and the amount credited to your Trading Account when the FXTRADING.com Product is Closed Out (including allowance for any fees and charges).

Any profit or loss net of any fees and charges will be credited/ debited to your Equity in the Account Currency selected - refer to Section 6 under "Account Currency".

At the time that the FXTRADING.com Product is Closed Out, FXTRADING.com will calculate the remaining payment rights and obligations. Since you are required to enter into FXTRADING.com Products to Close Out the existing OTC Product, there may be a Transaction Fee on the FXTRADING.com Product used to close the position – see Section 5 under "Costs, Fees and Charges".

In volatile markets the Transaction Price quoted to you may not be available by the time that you chose to accept the price offered and you may require another quote.

In order to provide the FXTRADING.com Products to you in an efficient and low-cost manner, FXTRADING.com has discretion in determining closing Transaction Prices.

In general, without limiting FXTRADING.com's discretion, it should be expected that FXTRADING.com will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by FXTRADING.com to hedge its FXTRADING.com Product issued to you, the closing price of the FXTRADING.com Product and any foreign currency exchange rates which are relevant due to the denomination of your FXTRADING.com Products or Trading Accounts. FXTRADING.com also has the right to decide to make an adjustment in any circumstance if FXTRADING.com considers an adjustment is appropriate. FXTRADING.com has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

FXTRADING.com may elect to Close Out a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Although there are no specific limits on FXTRADING.com's discretions, FXTRADING.com must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

### 3.4 Dealing

Quotes for Transaction Prices for dealing in FXTRADING.com Products are indicative only and so are subject to the actual price at the time of execution of your Transaction. There is no assurance that the FXTRADING.com Product will actually be dealt with at the indicative quote. You have a risk in price movement until you make the trade.

Quotes are normally only given and transactions made on FXTRADING.com Products, excluding FX Products and Metals Products, during the open market hours of the relevant Exchange on which the Underlying Securities are trading. The trading hours of the relevant FXTRADING.com Product relating to the type of FXTRADING.com Trading Account are available on the FXTRADING.com website by selecting the relevant FXTRADING.com Trading Account and FXTRADING.com Product or by contacting FXTRADING.com.

Occasionally, FXTRADING.com may, within its discretion, impose limited trading hours.

FXTRADING.com may at any time in its discretion without prior notice impose limits on FXTRADING.com Products in respect of particular Underlying Securities. Ordinarily FXTRADING.com would only do this if the market for the particular Underlying Security has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities or the company has become externally administered.

You should be aware that the market prices and other market data which you view through FXTRADING.com's online trading platforms or other facilities which you arrange yourself may not be current or may not exactly correspond with the Transaction Prices for FXTRADING.com Products quoted or dealt by FXTRADING.com.

If you access your Accounts and any online trading platform outside of the hours when live Orders may be accepted on the relevant market, you should be aware that the Orders may not be accepted until the relevant market is open to trading, by which time the current prices might have changed significantly.

Trades cannot be executed below set minimum trade sizes expressed as a portion of a Lot or unit for example 0.01 Lot. The minimum trade size available for each FXTRADING.com Product traded on the MT4 Trading Platform is displayed when the Order is placed for the FXTRADING.com Product selected on the order ticket on the MT4 Trading Platform or the information is available on the FXTRADING.com website.

### 3.5 Spread

When requesting a price quote for FXTRADING.com Products you will notice that there is a Bid Price and an Ask Price (collectively 'the quotes') being a lower and higher price at which you can place your Order. The difference between the Bid Price and Ask Price is termed the Spread and it provides an indication of where you can buy FXTRADING.com Products at, being the higher price, and where you can "sell" FXTRADING.com Products at, being the lower price (see comment above, in Section 3 under "Opening FXTRADING.com Products", on what is meant by "selling").

FXTRADING.com may hedge its exposure to clients with FXTRADING.com Products at any time on or after the time it issues the FXTRADING.com Product and may later change that at any time by placing a corresponding hedge contract with its Hedge Counterparty. The Hedge Counterparty may hedge directly into the market or it may make a market itself in its hedge contract made with FXTRADING.com.

At any time, this Bid Price (sell price) represents the best current price at which you can sell FXTRADING.com Products and the "offer" or Ask Price (buy price) represents the best current price at which you can buy FXTRADING.com Products at that time in a Transaction with FXTRADING.com, subject to price movements up to the time of actual execution.

The spread that you will be actually quoted is displayed on the order ticket when your Order is placed on your MT4 Trading Platform.

Generally the spread quoted for the FXTRADING.com Products on your MT4 Trading Platform are competitive, but you should be aware that FXTRADING.com is responsible for setting the spread quoted for opening and closing FXTRADING.com Products and **FXTRADING.com does not act as your agent to find you the best prices.**

In order for you to break even the price that you exit your trade would need to be at a level that covers the spread and any fees and charges.

### 3.6 Valuation

During the term of FXTRADING.com Products, FXTRADING.com will determine the value of your Trading Account(s), based on the current value of the FXTRADING.com Products in your Trading Account(s) defined as your Equity (see the Glossary in Section 7). The current value of your FXTRADING.com Product positions is ordinarily marked to market on a continuous basis, using the Current Market Price being the price available to FXTRADING.com from its Hedge Counterparty.

Your Equity is used to assess your Free Margin against current positions and any potential new positions you may wish to take. (For a further explanation refer to this Section 3 under "Payments and Client Moneys" subheading "How are Margin requirements and Free Margin calculated?")

### 3.7 On-line trading platform

Your Trading Account may be accessible either via the MT4 Trading Platform, or by contacting FXTRADING.com dealing desk. FXTRADING.com Products may be hedged with one or more Hedge Counterparties (described in this Section 3 under "Your Counterparty Risk on FXTRADING.com" subheading "Hedge Counterparty risk").

All of your FXTRADING.com Products will use the MT4 Trading Platform.

You must carefully read and follow the operational rules for the MT4 Trading Platform. The MT4 Trading Platform may impose special operating rules regarding:

- paying Margin (such as when payment is posted as effective);
- how Margins are calculated or
- how Orders are managed.

**We strongly recommend that prior to engaging in live trading you open a "demo" account and conduct simulated trading.** This enables you to become familiar with the trading platform features and conditions.

There is also Online Help menu or user guide available on the MT4 Trading Platform which has a wealth of information relating to the operation of MT4 Trading Platform or you can contact FXTRADING.com using the contact details in Section 1 of this PDS

### 3.8 Pricing Model

You may only trade in and out of FXTRADING.com Products by using FXTRADING.com's prices. FXTRADING.com offers prices based on a market making pricing model where the price available to FXTRADING.com is derived from its dealings with its Hedge Counterparties. FXTRADING.com may hedge its exposure to clients with FXTRADING.com Products at any time on or after the time it issues the FXTRADING.com Products and may later change that at any time. FXTRADING.com hedges with its Hedge Counterparty (not

by placing orders directly into the market). FXTRADING.com's Hedge Counterparty takes the other side of the transaction it makes with FXTRADING.com and it in turn may choose not to place its hedge contacts directly in the market or it might hedge directly into the market.

FXTRADING.com's Bid and Ask prices to you are based on the corresponding prices offered by the Hedge Counterparty to FXTRADING.com, which generally (but is not limited to) is derived from the underlying markets. Generally the prices of FXTRADING.com Products are set on the trading platform to give competitive pricing but you should be aware that FXTRADING.com is responsible for setting the prices of opening and closing FXTRADING.com Products and **FXTRADING.com** does not act as your agent to find you the best prices.

### 3.9 Confirmations of Transactions

If you transact in FXTRADING.com Products, the confirmation of that Transaction, as required by the Corporations Act, may be obtained by accessing the daily statement online on the MT4 Trading Platform or emailed to you, which you can print.

Once you have entered an Order, the MT4 Trading Platform will report the main features of your Transaction in a "pop-up" window. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act.

If you have provided FXTRADING.com with an e-mail or other electronic address, you consent to confirmations being sent electronically, including by way of the information posted to your Trading Account which is accessible on your MT4 Trading Platform. It is your obligation to review the confirmation immediately to ensure its accuracy and to report any discrepancies within 24 hours.

### 3.10 Payments and Client Moneys

Here is a simplified diagram and summary of payments when you invest in FXTRADING.com Products. A detailed explanation follows some of the scenarios further below, so please use the simplified diagram and summary as an introductory overview before reading the greater detail which follows later in this Section.

#### A. Establishing FXTRADING.com Products Position

##### (i) Payment of your moneys into the FXTRADING.com Trust Account

Moneys paid by you to FXTRADING.com for FXTRADING.com Products are initially deposited into a trust account maintained by FXTRADING.com in accordance with the Corporations Act, which is referred to in this PDS as the "**FXTRADING.com Trust Account**".

Paying your moneys into the FXTRADING.com Trust Account **is not payment to FXTRADING.com** for your positions. Put another way, you do not satisfy your payment obligations to FXTRADING.com merely by having your moneys in the FXTRADING.com Trust Account.

For so long as your moneys remain in the FXTRADING.com Trust Account, they are held in trust for you and, pursuant to the Financial Product Service Terms, cannot be counted as payment for or credit for your Account (unless FXTRADING.com chooses to waive this) prior to withdrawing the funds (when permitted) from the FXTRADING.com Trust Account.

FXTRADING.com may choose to credit your Trading Account with your payment FXTRADING.com Trust Account. This may be done as an advantage to Clients to facilitate dealing in FXTRADING.com Products having

regard to available banking payment procedures, but if that is done by FXTRADING.com it should not be expected or be relied upon as always going to be done by FXTRADING.com.

##### (ii) FXTRADING.com Trust Account

The moneys paid by you into the FXTRADING.com Trust Account are held in trust for you and are segregated from FXTRADING.com's own funds in accordance with the Corporations Act.

This means that all funds held in the FXTRADING.com Trust Account must only be used as permitted by the Corporations Act.

**You should be aware that, generally, for trust accounts under the Corporations Act such as the FXTRADING.com Trust Account:**

- **Individual Clients do not have separate or segregated accounts.**
- **All Clients' moneys are combined into one account.**

##### (iii) Withdrawal from FXTRADING.com Trust Account

Moneys are withdrawn from the FXTRADING.com Trust Account either to pay FXTRADING.com (when permitted) or to pay you.

You make your deposit by using the unique client reference number we give to you for your Trading Account.

**If you do not use the client reference number when making your deposit, FXTRADING.com may ask you to confirm your direction before we can credit your Account to enable you to enter into a Transaction.**

You are free to decide that it is more prudent for you to pay more than the required minimum Margin in respect of FXTRADING.com Products to reduce your risks from leveraging or to avoid any future time limits for meeting later Margin requirements that you cannot meet. Also, you need to pay FXTRADING.com before you trade (holding moneys in FXTRADING.com Trust Account is not payment to FXTRADING.com).

#### B. Margin Call payments

Here are the key features of Margining which are explained further in this Section:

- Margin is your payment to FXTRADING.com for the FXTRADING.com Product to be issued to you. The amount of Margin you pay (after it is withdrawn from the FXTRADING.com Trust Account, when permitted) is credited to your Trading Account.
- When you have Open Positions, you are also liable to meet all calls for Margin.

##### Margin Call obligation

- You are **also liable to meet all calls for Margin** for your Trading Account.
- There is **no limit as to when** you need to meet Margin calls, **how often** you may be called or the **amount of the Margin calls**.
- The **timing and amount of each Margin call for your Trading Account** will depend on movements in the market price of the Open Positions and the changes to the Equity.
- You have an obligation to meet the Margin call **even if FXTRADING.com cannot successfully contact you**.

- You have a risk of all of your **FXTRADING.com Products being Closed Out** if you do not meet the requirement to meet a Margin call.
- This obligation (to meet Margin calls) is **in addition to your obligation to maintain positive Free Margin** for your Trading Account.

#### Maintaining minimum Margin obligation

- Apart from your Margin call obligations, it is **your obligation to monitor** the minimum amount of Margin required for your Account.
- It is **your obligation to maintain the minimum required Margin** at all times for so long as you have an Open Position in a FXTRADING.com Product, which means you must ensure that the Free Margin amount is positive at all times.
- **FXTRADING.com is not obliged to notify** (outside of MT4 Trading Platform) you about the amount of your Free Margin, though we may do so by email, telephone call or otherwise, as a courtesy.
- You have a risk of your **FXTRADING.com Products being Closed Out** if you do not have in your Account sufficient Margin credited to it, regardless of whether you have checked your Account's requirement for minimum Margin or whether you have tried to make a payment but it has not been credited to your Account.

#### Margin policy

FXTRADING.com applies the following main Margin principles:

- Each Client is required to pay a minimum required amount of Margin before issuance of FXTRADING.com Products.  
The minimum amount is determined by FXTRADING.com based on a number of factors, including the market price of the underlying market, the Margin required to hedge the underlying market, the margin which FXTRADING.com is required to pay its Hedge Counterparty, FXTRADING.com's risk assessment of the Client, and any unrealised loss on your Trading Account at any point in time.
- Each Client is required to pay Margin before issuance of the FXTRADING.com Products in order to minimise credit risk to FXTRADING.com and that therefore benefits all Clients.
- Each Client is required to pay the minimum required Margin even if FXTRADING.com pays less (or nothing) to its Hedge Counterparty. This is to minimise the risk of any one Client materially benefiting from other Clients.
- Each Client's Account is promptly adjusted for Margin requirements according to market movement so that no Client is intentionally materially benefited from other Clients' trading. This could occur if, for example, the Client's Margin requirements are not adjusted in line with market changes or the credit risk on the Client.
- Each Client is required to pay Margin calls promptly and that is managed within the requirements of the Margin policy, so that no Client receives any material benefit or waiver which imprudently jeopardises FXTRADING.com and therefore increases the risks of other Clients to FXTRADING.com.

#### Paying Margin

As explained earlier in this PDS, you must pay the Initial Margin before the FXTRADING.com Product is issued to you. You must then maintain the minimum amount of Margin required by us. Separately, you must pay any further Margin when we require.

To pay Margin you must first deposit the funds into the FXTRADING.com Trust Account.

#### Leverage Rates

The full list of Leverage Rates for the MT4 Trading Platform applicable to the various FXTRADING.com Products is available on the MT4 Trading Platform or by contacting FXTRADING.com.

The Leverage Rates for the FXTRADING.com Products traded on MT4 Trading Platform is set at the default being 1:100. This can also be expressed as percentage being 1%. Clients can request to have the Leverage Rates increased up to 1:500 which needs to be approved by FXTRADING.com depending on the Client's suitability considerations.

#### How are Margin requirements and Free Margin calculated?

FXTRADING.com sets as detailed above the Leverage Rates used to calculate the amount of the Initial Margin requirements and, at any later time, may require more Margin to maintain the required amount of Free Margin.

The Initial Margin requirements will be set by FXTRADING.com and calculated by applying the Leverage Rates expressed as a percentage of the Contract Value of the relevant FXTRADING.com Product at the time the FXTRADING.com Product is established or a fixed dollar amount.

The Margin requirements if expressed as a percentage may be adjusted based on the Contract Value of the relevant FXTRADING.com Product at the Current Market Price.

Ordinarily the Initial Margin requirements are calculated to cover the maximum expected movement in the market at any time but the Margin requirement will change when the market changes and so might not be sufficient in all circumstances. Owing to the volatility of the market, the amount of minimum Free Margin required to maintain your Open Positions may change after a position has been opened. You need to ensure the Free Margin is positive at all times.

Therefore you should be aware that you can reach the stage of not having enough Equity (because the FXTRADING.com Products being marked to market) to the extent that your Account's Free Margin is or becomes negative. In this case you have not satisfied your obligation to maintain the minimum Margin requirements. The change in valuation of your FXTRADING.com Products by marking to market is automatic so your Free Margin can become negative quickly, reflecting the rapid changes in the market values.

In order to return your Free Margin to positive, i.e., to satisfy the minimum Margin requirements, you may:

- Close Out existing positions to reduce your Margin requirements; or
- pay additional funds as Margin for your Account; or
- a combination of the above.

If these actions taken are not sufficient to return your Free Margin to positive then you risk all or some of your positions being automatically Closed Out.

Under the Financial Product Service Terms, your obligation to pay Margin arises from the time you have an Open Position. If the market moves so the Free Margin is negative, or FXTRADING.com increases the initial Margin requirement, you immediately owe the required Margin, regardless of if or when we contact you to pay more Margin.

Your obligation to maintain the minimum required Margin i.e. ensuring the Free Margin amount is positive remains at all times, whether or not we contact you and whether or not you log into your Account.

You will be required to provide the required Margin whether or not you receive a Margin call. In other words, you are responsible for monitoring your positions and providing the required level of Margin. You might receive notice about Margin requirements by email, SMS message or, when you access your Trading Account online, by pop-up messages on your screen, but you need to provide the Margin whether or not you receive notice.

The value of your FXTRADING.com Product positions is ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Free Margin requirements for your Account. (Note, of course, that if the underlying market is not trading then the value might not change until the market re-opens and there might be a gap in prices/values at the time of re-opening.)

**Here is an example of calculating Free Margin:** You deposit \$8,000 and you pay FXTRADING.com in order for your Trading Account to be credited with \$8,000. You enter into FXTRADING.com Products and FXTRADING.com requires you to deposit Initial Margin of \$7,000. A short time later, there are fluctuations in the market and your unrealised loss on your Account is \$2,000. As a result, your Free Margin is negative \$1,000. In this case, you will need to make a Margin payment to FXTRADING.com for \$1,000 (or adjust your open positions).

#### **Margin calls**

Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin calls by paying the required amount by the time stipulated in the Margin call.

- If no time is stipulated, payment is required within 24 hours of the Margin call being made. Sometimes, however (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin call (that is, immediate payment is required) or more than one Margin call may be made on the one day including at weekends or outside of local business hours.
- If you do not answer the telephone on the number you give us, or you do not read the emailed Margin call which was sent to the email address you gave us, you remain liable to meet the Margin call. That is why you need to be contactable 24 hours a day, 7 days a week.

#### **Your Margin defaults**

If you do not ensure that you maintain the required level of Margin or meet your obligation to pay Margin calls (even those requiring immediate payment), all of your positions may be Closed Out and the resulting realised loss deducted from any proceeds. Any losses resulting from Closing Out your Open Positions will be debited to your Trading Account(s) and you may be required to provide additional funds to FXTRADING.com to cover any shortfall. If you are trading through an online trading platform, you must read the rules of the platform particularly carefully. If you do not comply with your

obligations, all of your Open Positions can be Closed Out automatically.

It is your responsibility to pay your Margin and meet Margin call payments on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by FXTRADING.com by the time you are required to have the necessary Margin or meet the Margin call, you could lose some or all of your positions. FXTRADING.com may but need not give you any grace period. You should maintain a prudent level of Margin and make payments in sufficient time to be credited to your Account. Please see "Margin risks" in Section 4.

Accounts can be funded by electronic funds transfer from your account or from your credit/debit card.

#### **C. Free Margin**

If you (as our Client) have excess Margin, i.e., the Free Margin amount is positive and you request payment of an amount not exceeding the Balance on your Trading Account.

#### **3.11 FXTRADING.com Product Order Types**

You will be able to find out information about Orders that apply on the MT4 Trading Platform when you log in. This information is also available in the "Help" section of the MT4 Trading Platform. The following are examples of Order types that may be available to you. If you have any questions, please contact FXTRADING.com.

#### **Important notice about this Section**

When you submit a request to place one of the types of Orders described in this Section, FXTRADING.com has discretion as to whether or not to accept and execute any such Order. We will, at our discretion, accept or reject placement of any Orders.

#### **Limit Order**

Limit Orders are commonly used to enter and exit a market at predefined levels. The MT4 Trading Platform does not allow you to place limit orders at a specified price within a certain number of points of the current price. The limit levels for each FXTRADING.com Product is displayed on the FXTRADING.com website.

- Limit Orders to buy are placed below the current price and are executed when the "ask" price hits or breaches the price level specified. If placed above the current price, the order is filled instantly at the best available price below or at the limit price.
- Limit Orders to sell are placed above the current price and are executed when the Bid price breaches the price level specified. If placed below the current price, the order is filled instantly at the best available price above or at the limit price.

When a limit Order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your Order is filled may differ from the price you set for the Order if the opening price of the market is better than your limit price. In the case of FXTRADING.com Products, the Order will be filled if possible, and any remaining volume will remain in the market as a limit Order.

#### **Market Order**

A market order is an Order to buy or sell at the current price as soon as possible i.e., if the market is closed, the Order may not be entered into the market until the market opens.

## Stop-loss Order

FXTRADING.com may, in its discretion, accept an Order from you to enter or exit FXTRADING.com Products if the price moves to or beyond a level specified by you. This is known as a "stop-loss Order". The MT4 Trading Platform may not allow you to place Stop-loss Orders at a specified price within a certain number of points of the current price.

You would generally choose to place a Stop-loss Order to provide some risk protection or to enter a moving market. Stop-loss Orders are commonly used to exit positions and to protect investments in the event that the market moves against an Open Position.

For example, if your Open Position moves towards making a loss based on a level chosen by you, the Stop-loss Order would be triggered in order to try to close your Open Position or to open a position, depending on the Transaction you have.

- Stop-loss Orders to sell are placed below the current market level and your Stop-loss Order would be executed i.e., triggered if the market trades against you to a point that is beyond the stop-loss level specified by you (and accepted by us).
- Conversely, Stop-loss Orders to buy are placed above the current market level and your Stop-loss Order would be executed i.e., triggered, if the market trades against you to a point that is beyond the stop-loss level specified by you (and accepted by us).

Note that Stop-loss Orders may not be executed at all and the execution of the Stop-loss Order is subject to market volatility and slippage.

All Stop-loss Orders are subject to agreement by us, so you cannot be assured that you will always be able to have a Stop-loss Order. While FXTRADING.com has absolute discretion whether to accept a Stop-loss Order, it will generally try to do so, subject to market conditions and the reasonableness of your Stop-loss Order. Your Stop-loss Order may be unreasonable if, for example, the level you have specified is beyond the level allowed for Orders for the underlying currency and metals market.

Even if we accept your Stop-loss Order, market conditions may move against you in a way that prevents execution of your Stop-loss Order. For example, in volatile markets, our quoted prices might gap though your Stop-loss Order level, so that the closing level of quotes may be beyond the exact level specified by you. A gap in market prices reflects the market for the currencies and metals market, so can occur for any reason, without any apparent reason or at any time. Additionally, it may be that not all of the Stop-loss Order can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the underlying currencies or metals market to allow FXTRADING.com to hedge its transactions which it makes in order to completely fulfil your Stop-loss Order. If the opening price of the underlying currencies and metals market is beyond the level of your Stop-loss Order, your Order will be filled at the opening level, not at your Stop-loss Order level.

## Trailing Stop Order

A sell trailing stop Order sets the stop price below the market price with an attached trailing amount. As the market price rises, the stop price rises by the trail amount, but if the stock price falls, the stop-loss price does not change, and a market order is submitted when the stop price is hit. This technique is designed to allow an investor to specify a limit on the maximum possible loss, without setting a limit on the maximum possible gain. "Buy" trailing stop Orders are the mirror image of sell trailing stop Orders, and are most appropriate for use in falling markets.

When setting the stop price you should be careful not to set it too close to the current market price being the price available to FXTRADING.com from being its only Hedge Counterparty, especially in a volatile market, since the stop price might be hit before the price starts to go up/down as you expect. On the other hand you should carefully consider how much you can afford to lose, if your prediction does not hold.

In any case, the Stop-loss Order of any kind is not a guarantee that it will actually be made. This is the case with any Order you place (and which is accepted by FXTRADING.com) as long as it is made in accordance with the Financial Product Service Terms.

## 3.12 Risk Limits

FXTRADING.com seeks to have the discretion and automatically closing positions at the current market value being the value available to FXTRADING.com from Hedge Counterparty, this is also sometimes referred to as the stop out level and the stop out level depends on the MT4 Trading Platform. This is an internal process only and not a contractual term or assurance to you that any internal risk limit will avoid or minimise your losses on your Account. You should not rely on this as a loss limiting tool for your Account.

FXTRADING.com may, in its discretion, choose to impose a lower stop out level from time to time and later to vary that stop out level. This is an internal risk management decision of FXTRADING.com.

You should always set your own risk limits and monitor your positions.

The automatic closing of positions will occur if the Margin Level is less than 100%.

## 3.13 Market Conduct

All market participants (including FXTRADING.com) have a legal obligation to ensure that the financial markets they participate in are fair, orderly and transparent. FXTRADING.com Clients should be aware that some practices in placing Orders can constitute market manipulation or creating a false market which is conduct prohibited under the Corporations Act. It is the Client's responsibility to be aware of unacceptable market practices and the legal implications. The Client may be liable for penalties to regulators such as ASIC or be liable to FXTRADING.com for costs to FXTRADING.com arising out of those trading practices of the Client which lead to the Client, FXTRADING.com or any other person suffering loss or penalty.

Additionally, Clients should be aware that FXTRADING.com is entitled to refuse to accept an Order if FXTRADING.com believes that the Order (if executed) might constitute market manipulation or create a false market (or any other conduct prohibited under the Corporations Act or other laws or rules).

## 3.14 Rolling over or swapping

FX Products and Metals Products that are "rolled over" or "swapped" (depending on which term applies to your particular FX Transaction – see the MT4 Trading Platform which you have chosen). If your position is rolled (or "swapped") to the next Value Date, you will receive a benefit or bear a cost on your original traded amount.

As a rule, the following applies: if you buy a currency with a higher interest rate than the currency you sell then you will receive a benefit at rollover. If you sell a currency with a higher interest rate than the currency you buy then you will incur a cost at rollover.

For example:

If you have a bought AUD/USD position (i.e. you have bought the Australian Dollar against the US Dollar) and interest rates are higher in Australia than in the USA, your Transaction will receive a benefit i.e., the interest differential between the two currencies if you do not Close Out the position before the settlement time. Your Transaction will receive the interest rate differential whilst the position remains open for holding the higher yielding currency.

However, if you have a bought AUD/USD position and the USA interest rate is higher than the Australian interest rate, your Transaction will bear a cost i.e., the interest differential between the two currencies if you do not Close Out the position before the settlement time. Your Transaction will be charged the interest rate differential whilst the position remains open for holding the lower yielding currency.

The benefit or cost can either be directly debited or credited to your Trading Account balance as a Finance Charge adjustment / Finance Credit Adjustment or reflected in the price at which the open position is rolled forward i.e. it is included in the price (or rate at which the contract is rolled).

FXTRADING.com Products in respect of open FX Products and Metals Products held Overnight will incur a Finance Charge Adjustment or Finance Credit Adjustment, refer to Section 5 under "Finance Charge Adjustment / Finance Credit Adjustment".

### 3.15 Your Counterparty Risk on FXTRADING.com

When you deal in FXTRADING.com Products, you have a counterparty risk on FXTRADING.com. An element of counterparty risk is "credit risk" and this in turn is impacted by the "limited recourse" feature of FXTRADING.com Products, so you should consider your credit risk on FXTRADING.com having the financial resources at the time to pay you the amounts it owes you. The risk on FXTRADING.com is mitigated by FXTRADING.com hedging its FXTRADING.com Products.

#### Your credit risk on FXTRADING.com

You have credit risk on FXTRADING.com when your Equity (see the glossary in Section 7) has a net credit balance. Your credit risk on FXTRADING.com:

- depends on the **overall solvency of FXTRADING.com**, which is affected by FXTRADING.com's risk management;
- is affected by your **limited recourse** against FXTRADING.com.

#### (AFSL) Risks from FXTRADING.com's Hedge Counterparty

It is possible that FXTRADING.com's Hedge Counterparty may become insolvent or it is possible that other counterparties to the Hedge Counterparty may cause a default which reduces the financial resources or capacity for the Hedge Counterparty to perform its obligations owed to FXTRADING.com under the hedge contracts.

FXTRADING.com does not have control of the Hedge Counterparty's trading and FXTRADING.com is not responsible for the solvency or trading of Hedge Counterparty nor is FXTRADING.com obliged to guarantee the solvency of Hedge Counterparty, therefore FXTRADING.com remains exposed to its Hedge Counterparty, in respect of its hedge contracts with FXTRADING.com.

Since FXTRADING.com is liable to you as principal on the FXTRADING.com Product, FXTRADING.com could be

exposed to the insolvency of its Hedge Counterparty or other defaults which affect the Hedge Counterparty.

#### Limited Recourse

FXTRADING.com limits its liability to you (as a Client) under the terms of the FXTRADING.com Products by the extent to which FXTRADING.com actually recovers against its Hedge Counterparty, and allocates the proceeds to your FXTRADING.com Products. Put another way, if, after paying to you out of trust accounts amounts to which you are entitled or additional amounts which FXTRADING.com chooses to pay to you, there remains any shortfall owing to you, then FXTRADING.com's liability for that may be satisfied only by the extent to which FXTRADING.com is able to recover from its Hedge Counterparty.

It is therefore possible that FXTRADING.com might not fully recover from the Hedge Counterparty due to reasons not arising from your own FXTRADING.com Products, or it may incur costs in seeking the recovery or choose to terminate recovery efforts early, thereby reducing the proceeds available to FXTRADING.com to allocate in its discretion to your FXTRADING.com Product.

It is important to understand that you have no rights or beneficial interest in any product which FXTRADING.com has with its Hedge Counterparty and you cannot force FXTRADING.com to make any decision about seeking recovery against FXTRADING.com's Hedge Counterparty. FXTRADING.com does not have the power to control its Hedge Counterparty and has no guarantee of financial support from it. You are dependent on FXTRADING.com taking any action to seek recovery. FXTRADING.com has complete discretion as to how it pursues that action, although FXTRADING.com would act honestly, fairly and efficiently in determining if and how to pursue that recovery action.

Broadly this is economically comparable with the same risk you would face if you were to deal in the market directly with the same Hedge Counterparty and incur your own costs of seeking recovery, perhaps in overseas jurisdictions. By dealing in these FXTRADING.com Products, you get the benefit of FXTRADING.com's obligation to you as issuer of the FXTRADING.com Products and the benefit of FXTRADING.com dealing with a market participant who might not ordinarily deal with you directly.

#### Solvency of FXTRADING.com

The risks you have by dealing with FXTRADING.com (due to FXTRADING.com being paid all of your moneys deposited into the FXTRADING.com Trust Account and FXTRADING.com cannot be simplistically assessed by reference to historical financial information about FXTRADING.com or its Hedge Counterparty or general statements of principle.

The credit risk you have on FXTRADING.com depends on its solvency generally, as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its Client and stock concentration risks, its counterparty risks for all of its business and transactions (not just the FXTRADING.com Products), its risk management systems and actual implementation of that risk management, the limited recourse you have.

Your credit risk on FXTRADING.com will fluctuate throughout the day and from day to day, including due to its risk on the Hedge Counterparty, whose credit risk to FXTRADING.com (and so indirectly to you) cannot be assessed or verified on a continuous basis or perhaps reliably at all.

You should take into account all of those factors and not rely only on past financial statements since that could be

materially incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and creditworthiness of FXTRADING.com.

The latest FXTRADING.com annual directors' report and an audited annual financial report are available free on request by contacting FXTRADING.com.

### Hedge Counterparty risk

FXTRADING.com will nominate Hedge Counterparty on a case by case basis.

You should note that:

- FXTRADING.com is not responsible or liable for Hedge Counterparty's trading so FXTRADING.com does not guarantee or assure the financial performance of any Hedge Counterparty including its hedge contracts with FXTRADING.com.
- No Hedge Counterparty has been involved in the preparation of this PDS nor authorised any statement made in this PDS relating to it.
- A Hedge Counterparty has no contractual or other legal relationship with you as holder of the FXTRADING.com Products. Hedge Counterparty is not liable to you and you have no legal recourse against Hedge Counterparty (because FXTRADING.com acts as principal to you and not as agent) nor can you require FXTRADING.com to take action against Hedge Counterparty.
- FXTRADING.com gives no assurance as to the solvency or performance of any Hedge Counterparty. FXTRADING.com does not make any express or implied statement about the solvency or credit rating of any Hedge Counterparty.
- The regulation of a Hedge Counterparty is no assurance of the credit quality of the Hedge Counterparty or of any regulated or voluntary scheme for meeting the claims of creditors of the Hedge Counterparty. For example, although a Hedge Counterparty may be regulated by European financial law, that gives no assurance that the Hedge Counterparty has good credit quality or it will perform its obligations to FXTRADING.com.
- The credit quality of the Hedge Counterparty can change quickly. FXTRADING.com is not able to make assessments of the credit quality of its Hedge Counterparty which it can disclose and reports by independent credit rating agencies may not be available because of their lack of consent or because they are not licensed to allow such reports to be cited in PDS given to retail clients.
- If FXTRADING.com becomes aware that material information about the Hedge Counterparty changes or a significant matter later changes, FXTRADING.com will issue a supplementary product disclosure statement, or a new product disclosure statement. If the new information is not materially adverse to you, FXTRADING.com will provide the updated information on its website.

FXTRADING.com is not authorised to set out in this PDS any further information published by the Hedge Counterparty and FXTRADING.com takes no responsibility for third-party information about the Hedge Counterparty which may be available to you. If you require further information about the Hedge Counterparty used by FXTRADING.com before deciding whether to invest in

FXTRADING.com Products, please first contact the Hedge Counterparty. FXTRADING.com will also reasonably assist you to locate such other information as is publicly available to FXTRADING.com.

### Section 4 – Significant Risks

Using FXTRADING.com Products involves a number of significant risks. You should seek independent advice and consider carefully whether FXTRADING.com Products are appropriate for you given your experience, financial objectives, needs and circumstances.

#### 4.1 Key Risks

You should consider these key risks involved in FXTRADING.com Products:

| KEY RISKS  | IMPORTANT ISSUES   |
|--|--|
| <b>Loss from Leverage:</b>   | <ul style="list-style-type: none"> <li>▪ FXTRADING.com Products have leverage which can lead to large losses as well as large gains. The high degree of leverage in FXTRADING.com Products can work against you as well as for you.</li> <li>▪ The leveraging in FXTRADING.com Product gives a moderate to high risk of a loss larger than the amounts you pay FXTRADING.com as Margin. It can also cause volatile fluctuations in the Margin requirements.</li> </ul>   |
| <b>FXTRADING.com Products may have unlimited loss:</b>   | <ul style="list-style-type: none"> <li>▪ There is a moderate to high risk of your potential loss being unlimited if the market moves against you.</li> <li>▪ You can minimise the risk of losses by monitoring your Open Positions and Closing Out the positions before losses arise.</li> </ul>   |
| <b>Client moneys in limited circumstances may be applied to pay for your FXTRADING.com Products obligations:</b> | <ul style="list-style-type: none"> <li>▪ The money which you pay into the FXTRADING.com Trust Account may be withdrawn in limited circumstances.</li> <li>▪ Moneys withdrawn from the FXTRADING.com Trust Account are either to pay FXTRADING.com (when permitted) or to pay you. Moneys withdrawn to pay FXTRADING.com are FXTRADING.com's moneys (and are not held for you).</li> </ul> <p>Once your moneys are withdrawn from the FXTRADING.com Trust Account (when permitted) you become an unsecured creditor of FXTRADING.com to the extent of any credit balance you have and you lose all of the</p> |

| KEY RISKS                     | IMPORTANT ISSUES  |
|-------------------------------|---|
|                               | <p>protections you had when your client moneys are in the FXTRADING.com Trust Account. The features of these risks to you are described in Section 3.</p>   |
| <b>Margin risk:</b>           | <ul style="list-style-type: none"> <li>You must be able to pay to FXTRADING.com the amount of required Margin as and when required, otherwise all of your Transactions (including FXTRADING.com Products) may be Closed Out without notice to you. Margin requirements are highly likely to change continuously, in line with market movements in the underlying currencies and metals market.</li> <li>You should consider there is a high risk of Margin requirements changing and changing at times very rapidly. There is a moderate to high risk that if the market value of the underlying currencies and metals market moves rapidly against you, you will be required to pay more Margin on little or no notice. If you do not meet those requirements, your positions (<b>including FXTRADING.com Products</b>) can be automatically Closed Out.</li> <li>You can minimise your risk of losing your positions (including FXTRADING.com Products) after failing to meet Margin requirements by carefully selecting the type and amount of FXTRADING.com Products to suit your needs, monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by FXTRADING.com. Please see Section 3 under "Payments and Client moneys" subheading "Detailed explanation of Margining on FXTRADING.com Products"</li> </ul> |
| <b>Foreign exchange risk:</b> | <ul style="list-style-type: none"> <li>Foreign currency conversions required for your Account (see Section 6 under "Account Currency" for a further description) can expose you to foreign exchange risks between</li> </ul>  |

| KEY RISKS                                  | IMPORTANT ISSUES  |
|--|---|
|  | <p>the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Trading Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of FXTRADING.com Products positions.</p> <ul style="list-style-type: none"> <li>You can minimise this risk by selecting FXTRADING.com Products with foreign exchange exposure that you are prepared to incur and to monitor.</li> </ul>   |
| <b>Counterparty risk on FXTRADING.com:</b> | <ul style="list-style-type: none"> <li>You have the risk that FXTRADING.com will not meet its obligations to you under the FXTRADING.com Products.</li> <li>FXTRADING.com Products are not exchange-traded so you need to consider the credit and related risks you have on FXTRADING.com.</li> <li>FXTRADING.com believes that your counterparty risk on FXTRADING.com is relatively low, especially due to its Margin policy and its risk management; however, the potential adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment.</li> <li>You can minimise your counterparty risk on FXTRADING.com by limiting the amount you pay FXTRADING.com, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk resulting in all of your positions to be Closed Out. Please see Section 3 under "Your Counterparty Risk on FXTRADING.com".</li> </ul> |
| <b>Limited Recourse:</b>                   | <ul style="list-style-type: none"> <li>FXTRADING.com limits its liability to you under the terms of the FXTRADING.com Products by the extent to which</li> </ul>  |

| KEY RISKS | IMPORTANT ISSUES   |
|-----------|--|
|           | <p>FXTRADING.com actually recovers against its only Hedge Counterparty and allocates that to your FXTRADING.com Products.</p> <ul style="list-style-type: none"> <li>This key risk is linked to "counterparty risk". Both limited recourse and counterparty risks are further explained in Section 3 under "Your Counterparty Risk on FXTRADING.com".</li> </ul> |

#### 4.2 Other Significant Risks

You should consider these significant risks involved in FXTRADING.com Products:

| SIGNIFICANT RISKS              | IMPORTANT ISSUES   |
|--------------------------------|--|
| <b>Market risk:</b>            | <p>OTC trading is highly speculative and volatile. There is a high risk that market prices will move such that the value of your FXTRADING.com Products can be significantly less than the amount you invested in them.</p> <p>There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.</p> <p>You can reduce your risk by understanding the market relevant to your FXTRADING.com Products, monitoring your FXTRADING.com Products positions carefully and closing your Open Positions before unacceptable losses arise.</p>  |
| <b>Not a regulated market:</b> | <p>The FXTRADING.com Products offered by FXTRADING.com are over the counter products and so are not covered by the rules for an exchange.</p> <p>Over-the-counter financial products, such as FXTRADING.com Products, by their nature do not have an established liquid market with numerous participants. If you want to exit your FXTRADING.com Products, you rely on FXTRADING.com's ability to Close Out at the time you wish, which might not match the underlying market's liquidity or price. You can reduce your risk by carefully reading this PDS, the Financial Product Service Terms and taking independent advice on the legal and financial aspects relevant to you.</p> |
| <b>Market disruptions:</b>     | <p>A market disruption may mean that you may be unable to deal in FXTRADING.com Products when desired, and you may suffer a loss</p>   |

| SIGNIFICANT RISKS          | IMPORTANT ISSUES  |
|----------------------------|---|
|                            | as a result of that.  |
| <b>Orders and gapping:</b> | <p>It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the FXTRADING.com Products value over a short period. There is a moderate to high risk of this occurring as a result of market volatility.</p> <p>FXTRADING.com's ability to Close Out FXTRADING.com Products depends on the Current Market Price.</p> <p>Stop-loss Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss.</p> <p>You should consider placing stop-loss or other Orders that limit your losses but also closely monitor your Account and the relevant market in case the Stop-loss Order is not fully filled or filled at all and you need to take further action to limit your losses. For further information, see Section 3 under "FXTRADING.com Product Order Types" subheading "Stop-loss Orders".</p> |

| SIGNIFICANT RISKS               | IMPORTANT ISSUES   |
|---------------------------------|--|
| <b>Online trading platform:</b> | <p>You are responsible for the means by which you access the online trading platform or your other contact with FXTRADING.com. If you are unable to access the online trading platform, it may mean that you are unable to trade in FXTRADING.com Products (including closing them out) or you might not be aware of the current Margin requirements and so you may suffer loss as a result.</p> <p>FXTRADING.com may also suspend the operation of the online trading platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, FXTRADING.com has discretion in determining when to do this. If the online trading platform is suspended, you may have difficulty contacting FXTRADING.com, you may not be able to contact FXTRADING.com at all, or your Orders may not be able to be executed at prices quoted to you.</p> <p>There is a moderate to high risk that FXTRADING.com will impose volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against FXTRADING.com in relation to the availability or otherwise of the online trading platforms, nor for their errors and software. Please review the terms and any guidance material for any particular online trading platform.</p> |
| <b>Conflicts:</b>               | <p>Trading with FXTRADING.com for its FXTRADING.com Products carries an automatic risk of actual conflicts of interests because FXTRADING.com is acting as principal in its FXTRADING.com Products with you and FXTRADING.com sets the price of the FXTRADING.com Products.</p> <p>The policy used by FXTRADING.com is that as principal it issues the FXTRADING.com Products to you based on the price it gives you, not by acting as broker to you. FXTRADING.com obtains its price by dealing with its Hedge Counterparty.</p> <p>You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring the underlying market and FXTRADING.com's pricing compared with other similar OTC contracts which have comparable terms.</p>  |

| SIGNIFICANT RISKS        | IMPORTANT ISSUES  |
|--------------------------|---|
| <b>Valuations:</b>       | <p>The FXTRADING.com Products are valued by FXTRADING.com.</p> <p>While there are no specific limits on FXTRADING.com's discretions, FXTRADING.com must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by FXTRADING.com in the circumstances permitted by the Financial Product Service Terms.</p>  |
| <b>Operational risk:</b> | <p>There is always operational risk in FXTRADING.com Products. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction.</p> <p>We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the online trading platform or in the provision of data by third parties.</p> |

## Section 5 – Costs, Fees and Charges

### 5.1 Costs, Fees and Charges

FXTRADING.com derives a financial benefit by entering into other transactions with other persons at different rates from those charged to the Client.

All costs, fees and charges are charged in the Account Currency selected, unless otherwise specified.

Details of the costs, fees and charges which have been charged are included in your statement. This is made available as an online report that can be accessed via your MT4 Trading Platform or emailed or mailed to you that you can access and print upon demand.

FXTRADING.com accepts credit/debit card payments made by Visa and MasterCard and China Union Pay credit/debit cards. Please note that making deposits via credit/debit card attracts a credit/debit card service fee of 3%.

If there is a chargeback on your Account, you may be responsible for covering any reversed payments and chargeback fees, amounting to a maximum of AUD\$25 per transaction.

Please note that your bank may treat payments by credit card as a cash advance, which may incur additional fees, so you should contact your bank to confirm if this applies.

### 5.2 FXTRADING.com Product Transaction Fees

FXTRADING.com may charge a Transaction Fee (which may be described as "commission" on the platform) on each FXTRADING.com Product that is executed. Our rates vary depending on the type and level of service required, and the frequency and size of Transactions.

Fee per contract

The greater of:

- the amount that is calculated by multiplying the amount of FXTRADING.com Products traded by the individual charge per contract; and
- a minimum Transaction Fee or a minimum ticket Transaction Fee depending on the ticket size.

The Transaction Fee that you will be actually charged is disclosed on your statement.

The fee accrues immediately upon execution of the Transaction, i.e., when you Open or Close the FXTRADING.com Product. The Transaction Fee will either be reflected in the execution price as an additional component to the spread pricing or separately, i.e., not included in the spread pricing.

Please remember that because you are required to trade a FXTRADING.com Product to Close Out the existing FXTRADING.com Product Open Position there may be a Transaction Fee on the FXTRADING.com Product used to close the position.

### 5.3 Margin

The Margin amount that you would be required to pay is determined by FXTRADING.com depending on the specific contract details. Since there is a large variety of potential Margin amounts and they can change at any time, this is made available on the MT4 Trading Platform or you can contact FXTRADING.com for an indication of the Margin that will be charged for the particular FXTRADING.com Products.

Please also see the worked examples which follow in this Section for how the Margin works.

The total amount of dollar Margin Requirement utilised is displayed for all the Open Positions transacted on the MT4 Trading Platform.

### 5.4 Finance Charge Adjustment / Finance Credit Adjustment

#### Finance Charge Adjustment / Finance Credit Adjustment on Long / Short FX Products and Metals Products

FXTRADING.com in respect of open FX Products and Metals Products held Overnight will incur a Finance Charge Adjustment or Finance Credit Adjustment.

The calculation for an overnight Finance Charge Adjustment / Finance Credit Adjustment for each day that a long or short FX Product and Metals Product is held Overnight is as follows:

$$F = S * L * P$$

F = Daily Finance Charge Adjustment (if negative) / Finance Credit Adjustment (if positive)

S = Swap Rate (positive or negative) for 1 day

L = Number of lots

P = Pip Value in Account Currency based upon 1 Lot

Examples:

If you hold a short 200,000 EUR/USD position Overnight and the Account Currency is USD, then the Daily Finance Charge is  $-2.80 \text{ USD} = -0.14 \text{ (Swap Rate)} * 2 \text{ (Lots)} * 10 \text{ USD (Pip Value)}$

If you hold a long 100,000 USD/JPY position Overnight and the Account Currency is USD, then the Daily Finance

Charge is  $-0.39 \text{ USD} = -0.03 \text{ (Swap Rate)} * 1 \text{ (Lots)} * 13 \text{ USD (Pip Value)} * -1$

### Finance Charge Adjustment on Trading Account Balance

FXTRADING.com does not pay any Finance Credit Adjustment earned on your Trading Account on positive Balances.

### 5.5 Cost of conversion

You will incur a conversion cost when converting to your Account Currency. This occurs each time there is a conversion from a Transaction denominated in a currency different from the Account Currency being Australian dollars. The conversion cost charged is up to a maximum of 100 basis points (1.00%) of the Transaction's full face value being converted and is adjusted in the realised profit or loss.

### 5.6 External Fees, Taxes and Charges

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by FXTRADING.com). Bank charges and fees imposed on FXTRADING.com to clear your funds or in respect of your payments will also be charged to your Account.

The Financial Product Service Terms may allow FXTRADING.com to impose other fees or charges from time to time which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the FXTRADING.com Product itself). For example, you may be required to pay royalty or similar charges set by data providers for your use of information feeds or for online transaction services. FXTRADING.com may debit these amounts to your Trading Account.

### 5.7 FXTRADING.com Product Trading Examples

Here are some examples to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with FXTRADING.com before entering into your Transaction.

The fees, charges and Leverage Rate Rates used in this example are hypothetical only and you should either contact FXTRADING.com or view the website prior to trading for all relevant and current information.

#### Example 1: Buying USD/JPY

##### Opening the position

You decide to go long on the US Dollar against the Japanese Yen, and ask for a quote for 5 lots, the equivalent of USD500,000. We quote you 73.41/73.43 and you buy 5 lots at 73.43.

##### Finance Charge Adjustment

While the position remains open, for example if the applicable Swap Rate might be negative 0.03 points for 'long' positions and the Point Value for 1 Lot is \$13.09, then the Finance Charge Adjustment for a particular day would be \$1.96.

### Closing the position

Later, USD/JPY has risen to 76.87/76.89, and you take your profit by selling 5 lots at 76.87. Your gross profit on the trade is calculated as follows:

Closing transaction: USD500,000 (5 Lots) x 76.87 = ¥38,435,000

Opening transaction: USD500,000 (5 Lots) x 73.43 = ¥36,715,000

Gross profit on trade: = ¥1,720,000  
equivalent to \$22,375.44

### Calculating the overall result

To calculate the overall or net profit, you also have to take account of the Finance Charge Adjustment. In this example, you might have rolled the position for 20 days, charging a total a Finance Charge Adjustment debit of \$39.20

Gross profit on trade: \$22,375.44

Finance Charge Adjustment: (\$ 39.20)

Net profit: \$ 22,336.24

### Example 2: Buying spot gold:

#### This example assumes that:

- the Trading Account base currency selected is Unites States dollars
- no brokerage, commission or Transaction Fee is charged
- the Standard Trading Account Leverage Rate is 1:100 for a Spot Metal Product i.e. Initial Margin is set at 1% of the Contract Value;
- 1 Lot of gold is equivalent to 100 ounces; and
- the price of the FXTRADING.com Spot Metal Product moves in line with the market price of the spot gold.

### Opening the position

You consider that gold is undervalued and wish to speculate the price will go higher, you decide to buy gold, and ask for a quote for 1 lots, the equivalent of 100 ounces. We quote you \$1,724.65/1725.15 and you buy 1 lots at 1725.15.

#### Initial Margin

The Initial Margin required to open your position was 1% x \$1,725.15 x 100 = \$1,725.15

#### Finance Charge Adjustment

While the position remains open, for example the daily swap is \$5.70.

### Closing the position

Later, gold has risen to 1,750.00/1,750.05, and you take your profit by selling 1 Lot at 1,730. Your gross profit on the trade is calculated as follows:

Closing level: \$1,750.00

Opening level: \$1,725.15

Difference: \$24.85

Gross profit on Transaction: \$4.85 x 100 = \$2,485

### Calculating the overall result

To calculate the overall or net profit, you also have to take account the Finance Charge Adjustment. In this example, you might have rolled the position for 10 days, charging a total a Finance Charge Adjustment of \$57:

Gross profit on trade: \$2,485.00

Finance Charge Adjustment: (\$ 57.00)

Net profit: \$2,428.00

### Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by FXTRADING.com), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. There is no GST payable on the Transaction Fee or Finance Charge Adjustment.
5. Margin requirements, interest rates and external charges may change at any time and are hypothetical only.

## Section 6 – General Information

### 6.1 Account Currency

Your Account Currency is chosen as part of the Account opening process. Account Currency. The Account Currencies which are available can be chosen when the Accounts are established through the personal “Traders Room” or are displayed on the website.

If you instruct FXTRADING.com to effect a Transaction denominated in a currency different from the denomination of your Account currency, FXTRADING.com will convert the currency value of your Transaction into the Account Currency.

The foreign currency conversions can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs.

Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by FXTRADING.com.

### 6.2 Discretions

FXTRADING.com has discretions under the Financial Product Service Terms which can affect your Orders and positions. You do not have any power to direct how we exercise our discretions.

When exercising our discretions we will comply with our legal obligations as the holder of an Australian Financial Services Licence. We will have regard to our policies and to managing all risks (including financial, credit and legal risks) for ourselves and all of our Clients, our obligations to our counterparties, market conditions and our reputation. We will try to act reasonably in exercising our discretions but we are not obliged to act in your best interests or to avoid or minimise a loss in your Account.

Our significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits we impose on your Account or your trading;
- determining Margin requirements and Leverage Rates, especially the amount of Initial Margin, minimum Margin requirements, the time to meet any changed Margin requirement;
- determining the values of FXTRADING.com Product for opening and closing positions and for determining Margin;
- setting Bid Prices (sell prices) and Ask Prices (buy Prices) derived from the underlying market; and
- closing your positions and determining prices derived from the underlying market.

You should consider the significant risks that arise from FXTRADING.com exercising its discretions – see Section 4.

Our other discretions include:

- setting our fees and interest rates (Swap Rate);
- setting foreign exchange conversion rates;
- opening and closing your Account;

- giving you a grace period for full compliance in paying by cleared funds any amount you owe; and
- interpretation, variation and application of our policies.

### 6.3 Policies

FXTRADING.com has a number of policies that can affect your FXTRADING.com Product investments. The policies are guidelines that FXTRADING.com (including all of its staff) is expected to follow but policies are not part of the Financial Product Service Terms and do not give you additional legal rights or powers.

We may change our policies at any time without notice to you. We may amend, withdraw, replace or add to our policies at any time without notice to you. Our policies may help you understand how we operate but all of the important information is set out in or referred to in this PDS so you should only rely on this PDS and not on the policies.

A copy of each of the key policies is available on the FXTRADING.com website at [www.FXTRADING.com](http://www.FXTRADING.com).

Our key policies relevant to FXTRADING.com Products currently are:

- client suitability policy;
- client money policy;
- margin call policy; and
- conflicts of interests management policy.

### 6.4 Anti-Money Laundering Laws

FXTRADING.com is subject to anti-money laundering and counter-terrorism financing laws (AML laws) that can affect your FXTRADING.com Product trading. If your Account is established, FXTRADING.com may disclose your personal information or stop transactions on your Account for the purposes of the AML laws or under FXTRADING.com’s AML laws procedures, without liability to you for any loss that arises due to that occurring.

- You also warrant that the moneys used to fund your transactions have not and will not 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;
- the proceeds of your investment will not be used to finance any illegal activities; and
- you are not a politically exposed person or organisation as defined in the AML laws.

### 6.5 About FXTRADING.com

FXTRADING.com is an Australian owned investment company. Further information about FXTRADING.com is available on its website at [www.FXTRADING.com](http://www.FXTRADING.com).

FXTRADING.com will provide on request free of charge a copy of its most recently available audited financial reports.

## 6.6 Applications

You apply for an Account by returning to FXTRADING.com a completed application form which accompanies the booklet with the Financial Product Service Terms, available by contacting FXTRADING.com directly by registering online via the website [www.FXTRADING.com](http://www.FXTRADING.com).

Accounts can be funded by electronic transfer, credit/debit card. Further details are available by contacting FXTRADING.com or on its website at: <http://www.FXTRADING.com>

All funds must be cleared funds before they are credited to your Account to be made available for you to use in acquiring FXTRADING.com Products.

### **Please be reminded that funding your Account by credit card has additional risks and costs for you.**

By using these payment methods you effectively would be doubling your leverage by taking credit from your credit card account and trading with leverage on your FXTRADING.com Account. This can add to the risks and volatility of your positions as well as incurs higher interest costs on your credit card account.

If you lose on your FXTRADING.com Products, you might not have other financial resources to repay your credit card account, incurring higher interest costs and possibly defaulting on your credit card terms.

Although FXTRADING.com accepts payments of more than \$1,000 from credit card accounts to fund your Account and to meet later Margin payments, please carefully consider whether this payment method is suitable for your trading and limit it to what you can afford.

If your account is funded by credit/ debit card and you make a withdrawal request, this withdrawal amount may be refunded to your original credit/ debit card, however the method we use to honour your withdrawal request is at our sole discretion.

We do not accept third party payments and we will only accept credit/debit card payments from you if the credit/debit card is in the same name as your Account.

Individual FXTRADING.com Products are traded using your online trading platform.

## 6.7 Taxation Implications

FXTRADING.com Products will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the Transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products. FXTRADING.com does not provide any taxation advice.

The following information should be regarded as general information only.

### **Profits and losses on FXTRADING.com Products**

Any gains derived or losses incurred by you in respect of FXTRADING.com Products ordinarily should be included in your assessable income. When calculating the amount of profit or loss, you need to consider any fees on Open Transactions paid or received by you. If you hold your FXTRADING.com Product for the purpose of trading, you should seek independent taxation advice relevant to your circumstances.

## Tax file number withholding rules

The tax file number withholding rules only apply to those investments as set out in income tax legislation. FXTRADING.com's current understanding is that those withholding rules do not apply to its FXTRADING.com financial products; however, if it is later determined to apply and you have not provided FXTRADING.com with your tax file number or an exemption category, FXTRADING.com may be obliged to withhold interest payments at the highest marginal tax rate and remit that amount to the ATO.

### **Costs, fees and charges**

If the FXTRADING.com Product gives rise to gains that are assessable or losses that are deductible, any costs, fees and charges ordinarily should be available as a deduction at the time they are paid by the Client and debited against their Trading Account. You should seek independent taxation advice relevant to your circumstances.

### **Goods and Services Tax**

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of FXTRADING.com Products are not subject to goods and service tax.

### **Profits and losses on FXTRADING.com Products**

Any gains derived or losses incurred by you in respect of FXTRADING.com Products ordinarily should be included in your assessable income. When calculating the amount of profit or loss, you need to consider any fees on Open Positions paid or received by you. If you hold your FXTRADING.com Product for the purpose of trading, you should seek independent taxation advice relevant to your circumstances.

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### **Costs, fees and charges**

If the FXTRADING.com Product gives rise to gains that are assessable or losses that are deductible, any costs, fees and charges ordinarily should be available as a deduction at the time they are paid by the investor and debited against their Trading Account. You should seek independent taxation advice relevant to your circumstances.

### **Goods and Services Tax**

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of FXTRADING.com Products are not subject to goods and service tax.

## 6.8 Cooling Off

There is no cooling off arrangement for FXTRADING.com Products. This means that you do not have the right to return the FXTRADING.com Product, nor request a refund of the money paid to acquire the FXTRADING.com Product.

If you change your mind after entering into FXTRADING.com Products with FXTRADING.com, you must Close Out that product, pay any Transaction costs and take the risk of incurring a loss in doing so.

### 6.9 Ethical Considerations

FXTRADING.com Products do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into account by FXTRADING.com when making, holding, varying or Closing Out FXTRADING.com Products.

### 6.10 Jurisdictions

The FXTRADING.com Products offered by this PDS are available only to persons receiving the PDS in Australia.

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws. The offer to which this PDS relates is not available to Clients outside Australia.

### 6.11 Insurance

FXTRADING.com has the benefit of a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits if there is fraudulent activity by one of FXTRADING.com's employees, directors or authorised representatives that results in your money being used in fraudulent activities. If the insurance policy is insufficient or the insurer fails to perform its obligations, FXTRADING.com may not be able to make the payments it owes to you.

### 6.12 Dispute Resolution

FXTRADING.com wants to know about any problems you may have with the service provided to you so we can take steps to resolve the issue. FXTRADING.com has an internal and external dispute resolution procedure to resolve complaints from clients who receive financial services. A copy of these procedures may be obtained through our website or by contacting us and requesting a copy (free of charge).

If you have a complaint about the financial product or service provided to you, please take the following steps:

1. Contact your FXTRADING.com agent or adviser and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
2. If you make a complaint in writing (which is not compulsory), we will acknowledge receipt of your complaint within 5 business days.
3. If your complaint is not satisfactorily resolved through your FXTRADING.com agent or adviser, within 5 business days of receipt of your complaint, please contact the Compliance Department on 02 8277 6600 or put your complaint in writing and send it to the Compliance Department at:

Level 27, 25 Bligh Street  
Sydney NSW 2000

4. FXTRADING.com will try to resolve your complaint quickly and fairly.

We will use our best endeavours to try to resolve your complaint within 45 days of receipt of your written complaint unless we advise you that we require more time due to the nature of your complaint or other reasonable consideration.

5. If you still do not get a satisfactory outcome, you have the right to complain to the Australian Financial Complaints Authority (**AFCA**). AFCA is an external complaints and dispute resolution body. The service to you is free. The contact details for AFCA are:

Australian Financial Complaints Authority  
G.P.O. Box 3,  
Melbourne VIC 3001

Toll Free: 1800 931 678  
Facsimile: +613 9613 6399  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
FXTRADING.com - membership number 14573.

6. The Australian Securities and Investments Commission (**ASIC**) also has an Info line on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

### 6.13 Privacy

All of the information collected by FXTRADING.com, in the application form or otherwise, is used for maintaining your Account and for the purpose of assessing whether you would be suitable as a Client.

FXTRADING.com has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 1988 (Commonwealth), as amended from time to time and the AML laws.

Significantly, these include the following:

1. Collecting personal information

In collecting personal information, FXTRADING.com is required to:

- collect only information which is necessary for the purpose described above;
- ensure that collection of the information is by fair and lawful means; and
- take reasonable steps to make you, the individual, aware of why the information is being collected and that you may access the information held by us.

If necessary, FXTRADING.com also collects information on directors of a corporate client or agents or representatives of the Client. FXTRADING.com may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

FXTRADING.com may take steps to verify information given to it, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although FXTRADING.com may disclose this information to its related bodies corporate if you intend to use the services of any of those related bodies corporate.

2. Using the personal information

Once FXTRADING.com has collected the information from you, FXTRADING.com will only use the information for the purposes described above unless you consent otherwise.

Personal information may be disclosed to:

- any person acting on your behalf, including your advisor, accountant, solicitor, executor, attorney or other representative;
- related bodies corporate of FXTRADING.com if you use, or intend to use, services of those other corporations;
- related bodies corporate of the issuer (if that becomes different from FXTRADING.com);
- any organisations to whom FXTRADING.com outsources administrative functions;
- brokers or agents who refer your business to FXTRADING.com (so that we may efficiently exchange information and administer your account);
- regulatory authorities;
- as required or permitted by law or by court order.

This information will not be disclosed to any other person without your consent.

You may access your personal information held by FXTRADING.com (subject to permitted exceptions), by contacting FXTRADING.com. We may charge you for that access.

As FXTRADING.com is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any of the information provided in this Section changes.

### 3. Retaining personal information

FXTRADING.com has implemented and maintains secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure.

The information will be destroyed or de-personalised if FXTRADING.com no longer requires the information for the purpose referred to above.

FXTRADING.com has a Privacy Policy which covers our privacy obligations and complain about a breach of the Australian Privacy Principles, how we deal such a complaint, that we how may need to share some of your information with organisations outside Australia, and that we how we may store your information in cloud or other types of networked or electronic storage, which can be accessed from various countries via an internet connection. You can obtain a copy of Privacy Policy at [www.FXTRADING.com](http://www.FXTRADING.com).

## Section 7 – Glossary

**Account** means your account with FXTRADING.com established under the Financial Product Service Terms, including all Trading Accounts and all Transactions recorded in them.

**Account Currency** means the currency that the Trading Account is denominated in. Please note that all costs including spread, transaction costs, Finance Charge Adjustment and Finance Credit Adjustment are calculated in that currency.

**Ask Price (buy price)** means the Transaction Price, which FXTRADING.com as the seller is willing to accept

i.e., the price at which you can buy the FXTRADING.com Product. This is also known as the “offer price”.

**Australian Dollars or A\$** means the lawful currency of the Commonwealth of Australia.

**Base Currency** means the first currency represented in a currency pair respect of a FX Product.

**Bid Price (sell price)** means the Transaction Price which FXTRADING.com as the buyer is willing to accept i.e. the price at which you can currently sell the FXTRADING.com Product.

**Business Day** means a day (other than a Saturday or Sunday or public holiday) on which banks and foreign exchange markets are or will be open for business in Sydney.

**Client** refers to the person who has an Account with FXTRADING.com.

**Close Out, Closed Out and Closing Out** in relation to a Transaction means discharging or satisfying the obligations of the Client and FXTRADING.com under the Transaction and this includes matching up the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

**Closing Date** means the date on which the FXTRADING.com Product is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the Financial Product Service Terms.

**Closing Price** means the daily closing Current Market Price (or, if an index, level) of the Underlying Security (determined by FXTRADING.com).

**Commodity Derivative** means FXTRADING.com Products whose Underlying Security is a commodity.

**Contract Size** means the standard volume per 1 Lot expressed either in ounces or number of contracts.

**Contract Value** means the face value of the FXTRADING.com Product and is calculated by FXTRADING.com by multiplying the applicable price by the Lot traded and the Contract Size.

**Corporations Act** means the Corporations Act 2001 (Commonwealth) and any regulations made under it, including in any case as amended by any instrument made by the Australian Securities and Investments Commission.

**Current Market Price** is the price available to FXTRADING.com from Hedge Counterparty, which may be a delayed price depending on whether you have subscribed for live pricing.

**Equity** means the current value of your Trading Account i.e. net worth of funds in the Account, which is calculated by FXTRADING.com by combining:

- the Balance of the account being the deposit / withdrawals and closed trade profit and loss; and
- the floating (unrealised) profit / loss (positive/negative) of the Open Positions net of fees, charges and costs.

**EUR** means the single currency of the European Economic and Monetary Union.

**Exchange Rate** means, in relation to any currency, any widely recognised and published foreign exchange rate for value Spot selected by FXTRADING.com in its sole

discretion. The foreign exchange rate is always quoted as to how much of the Variable Currency, for 1 unit of the Base Currency, is worth.

**Finance Charge Adjustment** means the amount you pay in respect of your Transaction, in accordance with the Financial Product Service Terms.

**Finance Credit Adjustment** means the amount you receive in respect of your Transaction, in accordance with the Financial Product Service Terms.

**Free Margin** means the value of funds that are available for opening a position. It is calculated by FXTRADING.com by subtracting from the Equity the required Margin.

**Financial Product Service Terms** means the terms of your Account with FXTRADING.com, which accompanied your application form, for all of your Trading Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with your current Financial Product Service Terms.

**FX** means foreign exchange.

**FX Product** means an OTC contract whose Underlying Security (or pair of them) is a currency (including a cryptocurrency (or digital token)).

**FXTRADING.com** means Gleneagle Securities (Aust) Pty Limited ABN 58 136 930 526; AFSL 337 985, trading as FXTRADING.com and, in accordance with the Financial Product Service Terms, any person who is a permitted assignee or other successor to FXTRADING.com.

**FXTRADING.com Product** means an OTC contract whose Underlying Security is FX, issued by FXTRADING.com under the Financial Product Service Terms to Clients who apply for those products by way of the application form specifically labelled for "FXTRADING.com Products".

**Hedge Counterparty** means an entity that FXTRADING.com enters into hedge contracts with to manage FXTRADING.com's exposure to FXTRADING.com Products.

**Initial Margin** means the amount which you are required to pay to FXTRADING.com as Margin for any Transaction which you propose to enter into.

**Index and Indices** refers to FXTRADING.com Products whose Underlying Security is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange. The S&P™/ ASX 200™ is an example, so a S&P™/ ASX 200™ Index is an index whose Underlying Security is the S&P™/ ASX 200™ and the values are based on the index levels of the S&P™/ ASX 200™. The index sponsor has no involvement in the FXTRADING.com Product.

**JPY** means the lawful currency of Japan.

**Leverage Rate** means a transaction size/ margin ratio for each FXTRADING.com Product. For example, the 1:100 Leverage Rate means that the Client is required to have 1% of transaction size in its Account as Margin.

**Lot** means the unit that represents the volume of a Transaction taking into consideration the Contract Size. It can be represented as a portion of a Lot subject to the minimum Lot size, for example (0.1 of a lot) being referred to as a mini Lot or (0.01 of a Lot) being referred

to as a micro Lot. For example 1 Lot in EURUSD equals 100,000 EUR being the Base Currency unit and 0.1 Lot is therefore 10,000 units of Base Currency.

**Margin** means the amount of money (or money's worth) paid to FXTRADING.com and credited to your Account as Margin.

**Margin Level** means the Equity to Margin ratio calculated as Equity divided by Margin.

**Metal Product** means a FXTRADING.com Product whose Underlying Security is a contract in respect of metal (including in relation to gold or silver), on a Spot basis only, and payment in United States dollars.

**MT4 Trading Platform** means online trading platform for trading in FXTRADING.com Products.

**NZD** means the lawful currency of New Zealand.

**Open Position** means, at any time, a Transaction which has not been Closed Out, or settled prior to the time agreed for settlement.

**Order** means any order placed by you to enter into a Transaction.

**OTC** means "over the counter", in contrast with traded on a regulated exchange.

**OTC contract** means an over the counter contract for a financial product.

**Overnight** means end of a trading day at 17:00 New York local time

**Pending Order** means either a buy stop or sell stop, a buy limit or sell limit order.

**Points or Pips** means in the context of FX Product is the smallest increment by which a FX Product Price changes and is quoted depending on the number of decimal places the currency is quoted. For example on a USD/JPY Transaction, which is quoted with only two decimal (meaning one Pip = JPY 0.01).

**Point Value or Pip value in the context of FX Product** means the value of a point or pip for 1 Lot denominated in the Account Currency being the smallest increment by which an FX Product price or Exchange Rate changes also referred to as a Tick. You can calculate the value of a single pip or point denominated in the Account Currency, for instance, if you know that the EUR/USD is quoted with four decimals, so for a 100,000 position you can multiply the 100,000 by the Tick being the four decimal value of one pip, or USD 0.0001. So, on a EUR/USD 100,000 Transaction, the Point Value for 1 Pip would equal USD 10. On a USD/JPY 100,000 Transaction, the Value for 1 pip is equal to JPY 1000 because USD/JPY is quoted with only two decimal (meaning one Pip = JPY 0.01), which would be converted at the current Exchange Rate to get an amount in USD.

**Spot** means an **OTC contract** whose theoretical Value Date for a Transaction will occur two (2) Business Days following the day on which the Transaction is entered into.

**Spread** means the difference between the Bid Price and the Ask Price of FXTRADING.com Products.

**Swap Rate** means the rate, usually displayed as swap points, nominated by FXTRADING.com from time to time, as notified to you (including through the online trading platform) or by contacting FXTRADING.com.

**Tick** in the context of FX Products means the smallest increment by which an FX Product price or Exchange Rate changes. Please note that in most currencies the tick is 0.0001 of the currency unit. There are exceptions for example when JPY is the Variable Currency the Tick value is equal to 0.01. The website also displays the Tick for each of the FXTRADING.com Products.

**Trading Account** means trading accounts established under the Financial Product Service Terms offered by FXTRADING.com for trading purposes. Each is part of the same Account you have with FXTRADING.com.

**Transaction** means a transaction in any of the kinds of FXTRADING.com Product which are traded under the Financial Product Service Terms.

**Transaction Fee** means the fee or commission from time to time specified by FXTRADING.com to be the amount payable by you to FXTRADING.com in respect of each Transaction as set out in this PDS or as later varied in accordance with the Financial Product Service Terms and this PDS.

**Transaction Price** means, for FXTRADING.com Products, the Exchange Rate and, for Metal Products, it is the price of buying or selling the financial product.

**USD** means the lawful currency of the United States of America.

**Variable Currency** means the second mentioned currency in respect of a FX Product position.

**Underlying Security** means the product which is used as the basis for the calculations of prices for your FXTRADING.com Products, such as FX, a share or similar equity financial product, commodity, option, Futures Contract, index or other item (or any combination of one or more of those).

**Value Date** means the theoretical date of delivery if the product could be settled by physical or deliverable settlement.