

Margin FX and CFDs Product Disclosure Statement 26 April 2016

Issuer: Forex Capital Trading Pty Ltd
AFSL No. 306400 and ABN 69 119 086 270

1. Important Information

1.1 About this PDS

This PDS is issued by Forex Capital Trading Pty Ltd (referred to in this PDS as "ForexCT", "we", "us", or "our") and is designed to assist you in making an informed decision regarding opening an Account and trading in Margin FX and CFDs ("Products") with ForexCT.

Section 17 ("Glossary") of this PDS contains a glossary in which various words and phrases are defined. Capitalised words and phrases used in this PDS are defined in the Glossary. If you do not understand a capitalised word or phrase, you should refer to the Glossary.

1.2 Changes to this PDS

This PDS is dated and is effective from 26 April 2016.

Information in this PDS is subject to change from time to time. Where any change to information in this PDS is not materially adverse to investors, the PDS will be updated by us posting the updated PDS on our Website at www.forexct.com.au.

Where updated information is materially adverse to investors, or substantially different to that contained in this PDS, we will either issue a new PDS or a supplementary PDS containing the updated information.

You will be able to access up-to-date information at any time on our Website or by calling us on 1800 367 392.

We will deliver a paper copy of any updated information to you without charge on request.

1.3 Residents outside Australia

This PDS is intended for Australian residents only, and the offer made under this PDS to open an Account and trade in the Products is made to Australian residents only. If you reside outside Australia, then you are not permitted to open an Account. If at the time of opening an Account you were a resident of Australia, but at a future date you cease to be a resident of Australia, then you should inform us immediately and this may result in termination of your Account.

1.4 Risk warning

The Products offered by ForexCT contain inherent risks. Although high rates of return for limited capital outlay are possible, trading in the Products involves a high degree of market risk. The Products are speculative and leveraged, meaning that even small adverse

movements in the value of the Underlying Instruments can lead to the loss of some or all of your initial outlay. Trading the Products does not confer any ownership or other rights to the Underlying Instruments (for example, the right to receive dividends). Trading the Products is unlikely to be appropriate for the investment objectives, needs and risk profile of many retail investors.

You will find more information on risks associated with trading Products offered by ForexCT in section 8 ("Significant risks").

1.5 General advice

We do not and will not give you personal financial product advice. This PDS does not constitute a recommendation or opinion that an Account or the Products are appropriate for you.

Any information provided to you by us whether in this PDS, on our Website or otherwise, is general information in nature only, and must not be treated as personal advice for you. Such information does not take into account and is not based upon a consideration of your personal circumstances. It is provided merely to help you understand the risks associated with the Products, assess their potential benefits and decide whether investment in the Products is suitable for you. You should consider your objectives, financial situation and needs and the significant risks which accompany the prospect of profit associated with the Products before investing.

We recommend you read this PDS carefully and obtain independent financial, taxation and legal advice concerning this PDS and the Products offered in it before you apply to open an Account.

1.6 Contact details

If you have any questions in relation to this PDS, please do not hesitate to contact us.

Telephone:	1800 367 392
Fax:	1800 068 022
Address:	Level 18, 636 St Kilda Road Melbourne VIC 3004 Australia
Mail:	P.O Box 7509 St Kilda Road Melbourne VIC 8004 Australia
Email:	info@forexct.com.au
Website:	www.forexct.com.au

1.7 Use of examples

All examples in this PDS are made purely to assist you in understanding how the Products work and to illustrate the mechanics of trading the Products. They should not be construed as an opinion or recommendation by ForexCT about any of the Underlying Instruments used in the examples.

1.8 Trading Hours

The Trading Hours for the Products vary depending on the relevant Underlying Instrument to which a Transaction relates. You will find details of our Trading Hours on the Website or Trading Platform.

2. ASIC Benchmarks – RG 227

ASIC Regulatory Guide 227 ("RG 227") has developed seven benchmarks for over-the-counter contracts for difference (including margin foreign exchange) that can help retail investors understand the risks associated with these products, assess their potential benefits and decide whether investment in the products is suitable for them. We have addressed whether each of these benchmarks is met on an 'if not, why not' basis.

Benchmark	Meets	Explanation
1. Client Qualification	Yes	<p>ForexCT maintains and applies a written client qualification policy that sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before they may open an Account, outlines the processes ForexCT has in place to ensure that prospective investors who do not meet this criteria are unable to open an Account, and requires ForexCT to keep written records of client assessment. ForexCT assesses each investor's qualification for trading the Products when they apply for an Account.</p> <p>Please refer to Section 5.2 ("Client qualification") for more details.</p>
2. Opening Collateral	No	<p>This benchmark provides that an issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an account to trade in CFDs. This benchmark further provides that an issuer should accept no more than \$1,000 via credit card to fund such an account.</p> <p>For your payment convenience, ForexCT has a default initial limit of US\$15,000 on credit card payments as opening collateral. As a result of this limit, ForexCT does not comply with this ASIC benchmark. Investors who use credit card payments as opening collateral are exposed to the risk that they may lose their entire initial outlay, and then be required to pay interest on this lost amount to their credit card provider.</p> <p>Please refer to Sections 6.2.1 ("Opening a Transaction"), 8.5 ("Risks of trading on credit") and 9.6 ("Funding your Account") for more details.</p>

3. Counterparty Risk – Hedging	Yes	<p>ForexCT maintains a written hedging policy which sets out how ForexCT manages its exposure to market risks from client Transactions. This hedging policy includes the factors ForexCT takes into account when determining if Hedge Counterparties are of sufficient financial standing, and sets out the names of those Hedge Counterparties. The hedging policy is published on the Website, and can also be obtained by contacting us and requesting a copy, which will be provided free of charge.</p> <p>Please refer to Section 8.3 ("Counterparty Risk – Hedging") for more details.</p>
4. Counterparty Risk – Financial Resources	Yes	<p>ForexCT maintains and applies written policies to ensure the ongoing maintenance of adequate financial resources. These policies detail how ForexCT complies with its Australian financial services licence financial requirements and how ForexCT conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.</p> <p>Please refer to Section 8.2 ("Counterparty Risk – Financial Resources") for more details.</p>
5. Client Money	Yes	<p>ForexCT maintains a clear Client Money policy on its use of Client Money. ForexCT does not use Client Money for its own purposes, including meeting obligations incurred by ForexCT when hedging with other counterparties. In addition, and although Client Money will be pooled in one or more Client Money Accounts, ForexCT will also not use money deposited by one investor to meet the margin or settlement requirements of another investor.</p> <p>Please refer to Section 10 ("Client Money") for more details.</p>

6. Suspended or halted underlying instruments	Yes	ForexCT does not allow trading when there is a suspension or trading halt over an Underlying Instrument to which a Transaction relates. Please refer to Section 8.1 ("Risks of trading ") for more details.
7. Margin Calls	No	ForexCT maintains a written policy detailing our margining practices. This policy details how we will monitor investor Accounts, the rights we may exercise in relation to investor Accounts, and the factors we will take into account when determining whether to exercise these rights. ForexCT takes reasonable steps to notify investors who are using the PROfit or Web PROfit Trading Platforms that their open Transactions will shortly be closed out, however ForexCT does not provide such notification to investors who are using the MT4 Trading Platform, as this functionality is currently unavailable. For this reason, ForexCT does not comply with this ASIC benchmark. Please refer to Section 6 ("Trading with ForexCT") for more details.

3. Summary of Key Features

3.1 What are Margin FX instruments and CFDs?

Contracts for difference ("CFDs") are leveraged derivative products that allow investors trading in them to take a position on the change in the value of an underlying asset. Margin foreign exchange ("Margin FX") instruments are economically equivalent products that have currencies as the underlying asset.

CFDs and Margin FX instruments involve leverage, which means that investors can take on a high degree of market risk with only a relatively small initial deposit. To fund the leverage, investors must provide Margin. Leverage increases the risk that even small adverse movements in the value of the underlying asset can lead to the investor losing the Margin they have provided or being subject to a Margin Call.

Margin FX instruments and CFDs are over-the-counter ("OTC") products meaning that they are not traded or listed on an Exchange. It is a private contract between you and us.

Please refer to Section 4 ("Main features of Margin FX and CFD trading") for more details.

3.2 What types of Products can you trade?

We offer the following types of Products:

- Margin FX;
- Spot Metal CFDs;
- Share CFDs;
- Index CFDs (Futures);
- Commodity CFDs (Futures); and
- other Products offered from time to time as set out on the Website or the Trading Platform.

Please refer to Sections 7.1 ("Types of Products") for more details.

3.3 Do you offer a direct market access or market maker platform?

We provide the Products to our clients using the market maker model. Please refer to Section 4.6 ("Provider model") for more details.

3.4 What are the risks in trading the Products?

There are a number of significant risks in trading the Products we offer. These risks include, but are not limited to, the following:

- risks arising by virtue of trading with ForexCT;
- counterparty risk relating to financial resources;
- counterparty risk relating to hedging;
- risks relating to Margin Requirements and Automatic Closeout;
- risks of trading on credit;
- risks relating to Client Money protection;
- information technology risks;
- market information risks; and
- charting risks.

Please refer to Section 8 ("Significant risks") for more details.

3.5 What Trading Platforms do you offer?

ForexCT's main proprietary Trading Platform is PROfit. PROfit is available in both downloadable and web based versions. It is also available via a mobile application.

Terms and references used in this PDS are relevant to the PROfit Trading Platform

We also offer MetaTrader 4 ("**MT4**") which is dealt with in more detail in the Schedule 1 at the end of this PDS. Please note that some terms and references on the MT4 Trading Platform differ to that used on PROfit Trading Platform.

3.6 What is my Account Base Currency?

Unless otherwise agreed in writing by ForexCT, you may choose to have an Account Base Currency in either US Dollars or Australian Dollars when trading on our PROfit or MT4 Trading Platform.

Please refer to Section 5.4 ("Account Base Currency") for more details.

3.7 What makes up my Account Status?

Your Account Status provides you with the following information:

- Account Equity;
- Exposure;

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- Available Line;
 - Margin Percentage;
 - Usable Margin;
 - Used Margin;
 - Open P&L (i.e. profit and loss);
 - Balance;
 - Credit;
 - Bonus; and
 - Withdrawable Equity.

Please refer to Section 5.5 ("Account Status explained") for more detail.

3.8 What types of Orders can you place?

You may place the following types of Orders:

- Market Order;
- Entry Order;
- Stop Loss Order;
- Guaranteed Stop Loss Order;
- Take Profit Order; and
- OCO Order.

Please refer to Section 7.4 ("Types of Orders") for more detail.

3.9 What is the duration of an Order?

An Entry Order will automatically default to Good until Cancelled. You may also choose to make your Entry Order Good until Value which means that you can specify a date and time as the duration period.

Please refer to Section 7.6 ("Order durations") for more detail.

3.10 What are the fees and costs?

We typically charge just the Spread and apply a Rollover Adjustment (credit or debit) when you enter into a Transaction.

However, the costs and fees associated with trading Products may vary. Other charges may include:

- deposit and withdrawal fees;
- Advisor Payments;

- Balance conversion fees;
- data fees; and
- Account maintenance or inactivity fees.

Please refer to Section 9 ("Costs and fees") for more detail.

3.11 What happens if the Underlying Instrument is suspended or halted?

You will not be able to open or close a Transaction if the relevant Underlying Instrument is suspended or halted. In these circumstances, ForexCT may exercise a number of discretions.

Please refer to Section 15 ("ForexCT discretions") for more detail.

3.12 How do you hold Client Money?

Client Money is held in segregated client trust accounts with an Australian authorised deposit-taking institution in accordance with Australian Client Money Rules.

ForexCT does not use Client Money for its own purposes, including meeting obligations incurred by us when hedging with other counterparties. ForexCT also does not use funds deposited by one investor to meet the margin or settlement requirements of other investors.

Please refer to Section 10 ("Client Money") for more detail.

3.13 Do you have a privacy policy?

ForexCT recognises the importance of your privacy and abides by the *Privacy Act 1988* (Cth) and the Australian Privacy Principles ("APP"). Our privacy policy is listed on our Website.

Please refer to Section 13 ("Customer privacy") for more detail.

3.14 What happens if there is a dispute?

We have clear internal and external dispute resolution procedures.

Please refer to Section 14 ("Dispute resolution") for more detail.

3.15 What are the tax implications of trading the Products?

ForexCT does not provide tax advice and we recommend that you seek your own professional tax advice.

Please refer to Section 12 ("Tax implications") for more detail.

3.16 Is there a cooling off-period?

There are no cooling-off arrangements for the Products offered by ForexCT.

Please refer to Section 16.19 ("No cooling-off") for more detail.

4. Main features of Margin FX and CFD trading**4.1 What are Margin FX and CFD products?**

Margin FX and CFD products allow you to make a profit or loss from the fluctuations in the price of an Underlying Instrument without actually owning that Underlying Instrument.

Please refer to section 3.1 ("What are Margin FX instruments and CFDs?") for more information.

4.2 Over-the-counter ("OTC")

The Products we offer are types of derivatives, meaning that the price is typically derived from an underlying asset (or in relation to the Products specifically, an Underlying Instrument). Accordingly, the value of a Transaction is determined with reference to the fluctuations in the price of the Underlying Instrument at any given time.

The Products we offer are OTC meaning that they are not traded or listed on an Exchange. Transactions are a private contract between you and us.

4.3 No ownership

You do not own or have any rights (for example, the right to receive dividends) to the Underlying Instrument to which a Transaction relates nor is there any requirement to deliver or take delivery of an Underlying Instrument.

4.4 Leverage

The Products we offer are leveraged products meaning that you only have to deposit a small percentage of the notional value of a Transaction.

You should note that leverage magnifies your exposure to the movement in the price of an Underlying Instrument. This means that your potential gains or losses from trading the Products will be much higher than would be the case if you did not use leverage. Leveraged investments carry significantly greater risks than non-leveraged investments.

It is very important that you understand all the risks associated with trading the Products we offer. These significant risks are outlined in Section 8 ("Significant risks").

4.5 Futures Transactions

Some of the Products we offer reflect the forward or future price of an Underlying Instrument (e.g. an oil futures contract) and are subject to an expiry date. These are referred to as Futures Transactions.

Please refer to Section 7.1 ("Types of Products") for more detail.

4.6 Provider model

Providers typically offer their products using either the direct market access ("**DMA**") model or the market maker ("**MM**") model.

We provide Products to our clients using the MM model. The MM model typically uses the price of the Underlying Instrument to derive the price of Products. Trading under the MM model does not necessarily mean that the Product will be reflected by a corresponding trade in the Underlying Instrument.

As a market maker, it is ForexCT that determines the prices of the Products. Our Quotes are based on a price for an Underlying Instrument to which that Product relates and are typically determined with reference to an Exchange or Liquidity Provider. Our prices for an Underlying Instrument may be different to an Exchange or Liquidity Provider.

Please refer to Section 7.2 ("Quotes") for more detail.

5. Your Account

5.1 Opening an Account

Before applying to open an Account, you should read the contents of this PDS, the FSG and the Customer Agreement and decide whether Margin FX and CFD trading is suitable for you.

To start trading with ForexCT you have to open an Account. Application Forms are available at our Website at www.forexct.com.au and can be completed either in writing or online, which involves providing us with personal information. We may accept or reject an application at our sole and absolute discretion.

If you open a Joint Account with another person the liabilities will be joint and several. Furthermore, we may act on instructions from any person who is listed on the Joint Account and notice given to one will be deemed to be given to the other.

Please refer to Section 16.9 ("Joint Accounts") for more details.

5.2 Client qualification

We will ask you a series of questions during the application process in order to assess your experience and understanding of trading the Products. We may also ask you additional follow-up questions or require you to take a test. These questions are designed to ensure that prospective investors are suitably qualified to understand the complexity and inherent risks in trading the Product. The Products are unlikely to be appropriate for the investment objectives, needs and risk profile of many retail investors.

The questions we ask prospective investors are based on the client qualification recommendations set out in RG 227. Depending on your answers to the questions, we may agree to open an Account or decline your application and recommend that you obtain further education and/or experience through the use of a Demo Account. If we believe your understanding of trading the Products has sufficiently improved after undertaking these activities, then you may reapply to open an Account.

Opening an Account or Joint Account should not be construed as, and does not involve, the provision of financial product advice or any other advice by ForexCT or any other party to you. You must not rely on our client qualification assessment as evidence of your suitability to trade Margin FX and CFDs.

You remain solely responsible for your own assessments of the features and risks of trading the Products.

5.3 Opening a Demo Account

If you are unsure how our Products work, we recommend that you register for a Demo Account and trial our Trading Platform prior to opening an Account.

The demo Trading Platform provides you with a virtual cash balance to trade, enabling you to become familiar with the main features of the Trading Platform and to assist in making a decision about whether Margin FX and CFD trading is suitable for you.

5.4 Account Base Currency

Unless otherwise agreed in writing by ForexCT, you may choose to have your Account Base Currency in either US dollars or Australian dollars when trading on the PROfit or MT4 Trading Platform.

All Open P&L is calculated in US Dollars and displayed in your Account Base Currency. All Closed P&L and Transaction fees are calculated in US Dollars irrespective of the denomination of the relevant Underlying Instrument and immediately converted to your Account Base

Currency. If your Account Base Currency is in Australian dollars, your Open P&L will be shown in Australian dollars and your Closed P&L will be automatically converted to Australian dollars.

5.5 Account Status explained

Your Account Status is made up of a number of key terms that comprises your account summary and is always displayed in your Account Base Currency. It includes the following terms:

5.5.1 Account Equity

Account Equity refers to your Balance at any given time plus or minus the aggregate total of all Open P&L on your Transactions.

5.5.2 Exposure

Exposure means the aggregate notional value of all open Transactions. For the purposes of calculating your Exposure, Fully Hedged Transactions will usually have zero notional value and Partially Hedged Transactions will have a reduced notional value. Please refer Section 6.2.3 ("Hedged Transactions") for more information.

5.5.3 Available Line

Available Line refers to the amount of Exposure you could notionally trade on your Account based on your Account Equity and the amount of leverage that is available to you.

5.5.4 Used Margin

Used Margin represents the aggregate amount of Initial Margin required in your Account in your Account Base Currency.

5.5.5 Usable Margin

Usable Margin refers to the amount that you have available in your Account in your Account Base Currency to use as Margin and is calculated according to the following formula: Account Equity - Used Margin.

5.5.6 Open P&L

Open P&L represents the aggregate amount of unrealised profit and loss on all your open Transactions at any given point in time in your Account Base Currency.

5.5.7 Balance

Balance means the aggregate of all funds that you have deposited into and withdrawn from your Account, plus or minus the aggregate total of all Closed P&L, plus or minus the aggregate total of all Rollover Adjustments and any other debits and credits,

excluding Open P&L.

5.5.8 Credit

Credit means an amount of Usable Margin we add to your account, generally after a deposit is made. ForexCT reserves the right to provide a client with Credit. Typically, this is governed by a specific set of terms and conditions that ForexCT will notify to the client from time to time. Credit forms part of your Account Equity, but is not part of your Withdrawable Equity.

5.5.9 Bonus

Bonus means the amount of Credit that has been converted to cash in accordance with a specific set of terms and conditions as notified by ForexCT to the client. A Bonus can be withdrawn as cash by the client.

5.5.10 Withdrawable Equity

Withdrawable Equity refers to the amount of cash that a client can withdraw from the Account at any given time in their Account Base Currency.

5.5.11 Margin Percentage

Margin Percentage represents your Account Equity as a percentage of your Exposure.

5.6 Open P&L and Closed P&L

While a Transaction is open the profit or loss accrued is Open P&L.

If you have a Long Transaction, you will have Positive Open P&L if the Bid Price is greater than the Open Rate and Negative Open P&L if the Bid Price is less than the Open Rate.

If you have a Short Transaction, you will have Positive Open P&L if the Ask Price is less than the Open Rate and Negative Open P&L if the Ask Price is greater than the Open Rate.

Your Open P&L on an open Transaction will become Closed P&L at the moment when it is closed. The closure of a Transaction creates an obligation on you to pay any negative Closed P&L to ForexCT or an obligation on ForexCT to pay to you any positive Closed P&L as the case may be. When a Transaction is closed, Closed P&L is calculated as the difference between the opening value of the Transaction and its closing value. The Closed P&L will be immediately credited to or debited from, as the case may be, your Balance.

5.7 Depositing money

ForexCT only accepts cash or cash equivalents when funding an Account including but not limited to credit card, debit card, electronic transfer, BPAY and cheque.

Please refer to Section 9.6 ("Funding your Account") for more details.

6. Trading with ForexCT

6.1 Margin Policy

ForexCT maintains a clear policy detailing our margining practices which can be summarised as follows:

- you are required to maintain the requisite Margin Requirement at all times in order to open and maintain a Transaction;
- you are solely responsible for monitoring your open Transactions at all times and ensuring that you satisfy all Margin Requirements;
- ForexCT is not required to monitor your open Transactions or Margin levels, though we may do so as a courtesy from time to time;
- ForexCT may issue you with a Margin Call, in the event that you have insufficient Margin levels to meet your Margin Requirements;
- ForexCT may change Margin Requirements in its sole and absolute discretion; and
- if you do not have sufficient Account Equity to satisfy your Margin Requirement, then some or all of your open Transactions may be subject to Automatic Closeout.

6.2 Margin Requirement

You must have sufficient Account Equity in your Account in order to meet:

- the required Margin to open a Transaction ("**Initial Margin**"); and
- any additional Margin required to maintain an open Transaction ("**Variation Margin**").

Together, the Initial Margin and Variation Margin are referred to as your "**Margin Requirement**".

6.2.1 Opening a Transaction

You are required to deposit at least a minimum amount of Initial Margin in your Account in order to open a Transaction. This amount represents collateral for a Transaction and covers risk to ForexCT. The Margin Percentage required to open a Transaction is set out on the Website.

You must maintain Margin in such amounts as we require in our sole and absolute discretion.

Set out below are examples of Transactions showing how Initial Margin is calculated. Examples in this PDS are only for instructive purposes only.

Example 1.0: Initial Margin Calculation	
Transaction	AUD/USD foreign exchange trade
Open Rate	0.7800
Position	LONG
Initial notional Transaction value	\$100,000
Leverage	1:200 (i.e. 0.5% or 0.005)
Calculation (initial notional Transaction size x Leverage percentage)	$\$100,000 \times 0.005$
Initial Margin	\$500

Example 1.0 shows how to calculate the Initial Margin if the Base Currency is AUD. In these circumstances, and as illustrated above, Initial Margin is calculated by simply multiplying the Transaction size by the Leverage percentage. If you had an AUD Account Base Currency, then this AUD amount would simply be deducted from the Usable Margin. Where the Base Currency is not AUD, (see Example 1.1 below), the Initial Margin will be calculated in the Base Currency (in this case EUR), then converted into USD and if the Account Base Currency is AUD, converted into AUD.

Example 1.1: Initial Margin Calculation (where AUD is not the Base Currency)	
Transaction	EUR/USD foreign exchange trade
Open Rate	1.1350
Position	LONG
Initial notional Transaction value	\$100,000
Leverage	1:200 (i.e. 0.5% or 0.005)
Calculation (initial notional Transaction size Leverage percentage)	$\text{€}100,000 \times 0.005 = \text{€}500$ $\text{€}500 \times 1.1350 = \text{US}\567.50 Assuming the AUD/USD Quote was 0.7750 then the amount in AUD would be: $\text{US}\$567.50 / 0.7750 = \732.25
Initial Margin	\$732.25

6.2.2 Maintaining an open Transaction

If an open Transaction moves against you and you do not have sufficient Account Equity to maintain the Transaction it may be necessary for you to deposit Variation Margin. If this is the case, then you may be prompted with a Margin Call alert via the Trading Platform to deposit additional funds (see Section 6.3 below on "Margin Calls and Automatic Closeout").

Importantly, you are not compelled to meet any call for Variation Margin in relation to an open Transaction. However, if you choose not to meet any Variation Margin requirement, your open Transaction in respect of which Variation Margin is required will be subject to Automatic Closeout. Please refer to Section 6.3 "Margin Calls and Automatic Closeout") for more details.

Set out below is an example Transaction showing how Variation Margin is calculated. Using the same information as for Example 1.0 above, assuming that you have a Balance of \$1,500 and the Market Rate for an Underlying Instrument which relates to an open Transaction you have with us drops from \$0.7800 to \$0.7780, then this would result in your open Transaction having a Negative Open P&L of US\$200 ($[0.7800 - 0.7780] \times \$100,000$). Based on the AUD/USD Market Rate of 0.7780, this equals Negative Open P&L of \$257.06 ($-\text{US}\$200 / 0.7780$). In this example, your Account Equity is sufficient to cover the Initial Margin on the opening of the trade (i.e. \$500) and the Negative Open P&L (i.e. \$257.06).

Example 1.2: Variation Margin Calculation	
Opening Balance	\$1,500
Initial Margin	\$500
Initial Account Equity	\$1,500
Initial Transaction Value	\$100,000
Open P&L	(\$257.06)
New Account Equity	\$1242.94

You are only allowed to deal in and maintain Transactions on the basis of cleared funds being provided for your total Margin Requirements.

6.2.3 Hedged Transactions

A Hedged Transaction is an open Transaction that is opposite of another open Transaction. In other words, it is the same Product, but the opposite direction (i.e. one is Long and the other Short). A Hedged Transaction may be a Fully Hedged Transaction or a Partially Hedged Transaction.

A Fully Hedged Transaction is an open Transaction that is the equal and opposite of another open Transaction. As stated above, Initial Margin is required in order to open a Transaction. This includes Initial Margin for each Transaction that forms part of a Fully Hedged Transaction. However, we reserve the right, in our sole and absolute discretion, to reduce the Initial Margin requirement to zero on each Transaction that forms part of a Fully Hedged Transaction.

Set out below is an example of a Fully Hedged Transaction.

Example 1.3: Initial Margin for Fully Hedged Transactions		
	Position 1	Position 2
Product	AUD/USD	AUD/USD
Size	100,000	100,000
Leverage	1:200 (i.e. 0.5% or 0.005)	1:200 (i.e. 0.5% or 0.005)
Position	Long	Short
Initial Margin Requirement	\$500	\$500
Hedged Margin Requirement	\$0	

In the event that you open a Partially Hedged Transaction, i.e. you open a Transaction which is opposite but not equal to another Transaction, then this will also reduce the Initial Margin Requirement.

Set out below is an example of a Partially Hedged Transaction.

Example 1.4: Initial Margin for Partially Hedged Transactions		
	Position 1	Position 2
Product	AUD/USD	AUD/USD
Size	100,000	80,000
Leverage	1:200 (i.e. 0.5% or 0.005)	1:200 (i.e. 0.5% or 0.005)
Position	Long	Short
Initial Margin Requirement	\$500	\$400
Hedged Margin Requirement	\$100	

If we choose to reduce the Initial Margin requirement in these circumstances, we do

not waive the right to impose normal Initial Margin requirements at any given time.

You should note that if the Initial Margin requirement for any Transaction that forms part of a Hedged Transaction has been reduced to zero, then if any one of those Transactions is closed, it may immediately trigger the full Initial Margin requirement for those Transactions which are still open. For example, using the Example 1.3 above, if you close one of the positions, you will need to have enough Account Equity to satisfy the Initial Margin Requirement for the remaining open Transaction. You should note that you will not be able to close a Transaction that forms part of a Hedged Transaction unless and until your Account Equity is sufficient to meet your Margin Requirements.

6.3 Margin Calls and Automatic Closeout

If you do not have sufficient Account Equity to satisfy your Margin Requirements then we may issue you with a Margin Call, and we reserve the right to automatically close-out any or all of your open Transactions without further notice to you. This is referred to as "**Automatic Closeout**".

6.3.1 Margin Calls

You are solely responsible for monitoring the Transactions you have and the level of Account Equity in your Account. The occurrence of certain events, including changes in the Market Rate for Underlying Instruments may require additional funds to be deposited into your Account in order to satisfy Margin Requirements and avoid Automatic Closeout.

PROfit and Web PROfit Trading Platforms

If you are using the PROfit or Web PROfit Trading Platforms, we will take reasonable steps to notify you if some or all of your open Transactions are at risk of becoming subject to Automatic Closeout. This notification will take the form of a Margin Call alert via the PROfit and Web PROfit platforms, and will be triggered in the event that your Margin Percentage falls below 1%.

A Margin Call alert will prompt you to deposit funds. While you are under no obligation to deposit further funds, failure to do so may result in your Account Equity falling to \$0, in which case all open Transactions will be subject to Automatic Closeout.

In periods of extreme volatility, the likelihood of receiving a Margin Call alert and having open Transactions subject to Automatic Closeout increases, due to the effect of fluctuations of the Market Rate of an Underlying Instrument. You should be aware that in periods of extreme volatility, it may not always be possible to issue you with a Margin Call alert. For example, the Market Rate of an Underlying Instrument may move quickly against you, and open Transactions may be subject to Automatic Closeout before we are able to issue you with a

Margin Call alert.

In the event that we issue you with a Margin Call alert, we will not provide you with any further notification (following the Margin Call alert) prior to exercising our right of Automatic Closeout. It is your responsibility to actively monitor and manage your open Transactions and obligations, and ensure that you meet your Margin Requirements. If you have open Transactions, we recommend that you regularly monitor, review and manage those positions via the Trading Platform. Due to the high possibility of fluctuations of the Market Rate of the Underlying Instruments, even if you do regularly monitor and manage your positions (including depositing additional funds in response to a Margin Call alert), there is no guarantee that you will always be able to prevent Automatic Closeout.

MT4 Trading Platform

If you are using the MT4 Trading Platform, you will not receive a Margin Call alert or any other warning in the event that some or all of your open Transactions are at risk of becoming subject to Automatic Closeout. This is because there is no functionality within the MT4 Trading Platform for us to issue Margin Call alerts or margin warnings. Accordingly, you must ensure that you monitor, review and manage your Account Equity regularly, to ensure that you meet your Margin Requirements.

6.3.2 Automatic Closeout

If you do not have sufficient Account Equity to satisfy your Margin Requirements then we may issue you with a Margin Call, and we reserve the right to automatically close-out any or all of your open Transactions without further notice to you. Failure to promptly deposit more funds into your Account in order to satisfy your Margin Requirements (including in response to a Margin Call alert) may result in your Account Equity falling to \$0, in which case all open Transactions will be subject to Automatic Closeout.

We will take into account your Account Equity, your current Margin levels and Margin Requirements, and your current open Transactions when deciding whether to exercise our rights of Automatic Closeout.

Automatic Closeout may also occur if any of the events set out in Section 7.10 ("Additional rights to close Transactions") occur with respect to any or all of your open Transactions.

Set out below is an example of when a Margin Call alert will be issued, and when an open Transaction will become subject to Automatic Closeout, on the PROfit and Web PROfit Trading Platforms. Using the same scenario as in Example 1.2 above, you open a Long \$100,000 AUD/USD foreign exchange Transaction at a Market Rate of 0.7800. The Market Rate falls to 0.7761, which resulted in your Transaction having a Negative Open P&L of \$502.51 $((0.7800 -$

$0.7761) \times \$100,000) / 0.7761$). A Margin Call alert was issued when your Margin Percentage fell to 1%. In this example, the Margin Call alert was issued when the Account Equity fell below \$1,000 ($\$1,000 / \$100,000 = 1\%$). When the Margin Call alert appeared, you chose to ignore this and did not deposit additional funds.

The Market Rate continued to fall and when it hit 0.7684, this resulted in your Transaction having a Negative Open P&L of \$1,509.63 ($[(0.7800 - 0.7684) \times \$100,000] / 0.7684$).

Example 1.5: Automatic Closeout	
Opening Balance	\$1,500
Used Margin	\$390
Account Equity	\$1,500
Open P&L	(\$1,509.63)
New Account Equity	\$0

As your Balance was only \$1,500 to begin with, your Account Equity (which incorporates all Open P&L) reduced from \$1,500 to \$0 as the Open P&L was negative \$1,509.63. You now would have an Open P&L of \$0 and an Account Equity of \$0. As Account Equity reached \$0 before additional Margin was deposited into the Account, Automatic Closeout occurred. It should be noted that even though the Open P&L exceeded the Opening Balance, the loss on that trade was limited to the Opening Balance. This is due to ForexCT's Negative Balance Protection, which is discussed in more detail in 6.4 ("Negative Balance Protection").

6.4 Negative Balance Protection

ForexCT guarantees that you cannot lose more than your Balance. We call this 'Negative Balance Protection'. Please refer to Section 5.5.7 for a definition of Balance.

If you choose to deposit funds with us, including additional funds in response to a Margin Call for additional Margin Requirements or otherwise, then these amounts will be included as part of your Balance, and the risk of potential loss will include these additional amounts. However, if you receive a Margin Call and choose not to deposit additional funds to meet your Margin Requirement, then your Balance will not include the amount you would have needed to deposit, in order to satisfy your Margin Requirement.

At all times, the maximum potential loss will be limited to the amount equal to your Balance. However, we reserve the right to Automatically Closeout all open Transactions when the value of your Account Equity is zero.

Automatic Closeout is illustrated in Example 1.5 above. In Example 1.5, a client who had an

open Transaction closed out when their Account Equity reached \$0 was not liable for the negative \$9.63 in Account Equity, due to Negative Balance Protection.

Typically, we will manually adjust Accounts with a negative Account Equity to zero dollars at 12:00 am GMT daily. If this has not been done, then please contact us during Business Hours.

7. Products and Orders

7.1 Types of Products

You can trade the following with us:

7.1.1 Margin FX

The price of a Margin FX contract is derived from the interbank spot price for currency pairs.

A Margin FX contract is an open ended contract that is not subject to an expiry date. Margin FX Transactions held overnight (i.e. those open as at 12:00 am GMT) will be subject to Rollover Adjustments.

Please refer to Section 7.4 (“Types of Orders”) for detailed examples of a Margin FX contract.

7.1.2 Spot Metal CFDs

The price of a Spot Metal CFD is derived from spot price for the relevant Underlying Instrument (e.g. gold or silver) and is Quoted in US dollars.

A Spot Metal CFD is an open ended contract that is not subject to an expiry date. Spot Metal CFD Transactions held overnight (i.e. those open at 12:00 am GMT) will be subject to Rollover Adjustments.

Please refer to Schedule 2 for a detailed example of a Spot Metal CFD.

7.1.3 Share CFDs

The price of a Share CFD is derived from the share price of an Underlying Instrument. The Underlying Instrument will typically be listed on an Exchange.

A Share CFD is an open ended contract that is not subject to an expiry date. Share CFD Transactions held overnight (i.e. those open at 12:00 am GMT) will be subject to Rollover Adjustments.

Please refer to Schedule 2 for a detailed example of a Share CFD.

7.1.4 Commodity CFDs (Futures)

A Commodity CFD is a Futures Transaction.

The price of a Commodity CFD is derived from the future price of an Underlying Instrument. The Underlying Instrument will typically be listed on an Exchange.

A Commodity CFD has a specified expiry date as set out on the Website or the Trading Platform.

Please refer to Schedule 2 for a detailed example of a Commodity CFD.

7.1.5 Index CFDs (Futures)

An Index CFD is a Futures Transaction.

The price of an Index CFD is derived from the future price of an Underlying Instrument. The Underlying Instrument will typically be listed on an Exchange.

An Index CFD has a specified expiry date as set out on the Website or the Trading Platform.

Please refer to Schedule 2 for a detailed example of an Index CFD.

7.1.6 Other Products

ForexCT may offer other Products from time to time as set out on the Website or the Trading Platform.

7.2 Quotes

You must ensure you understand the definition of a Quote as it is very important for the correct operation of your Account.

7.2.1 How are Quotes derived?

Quotes are typically based on the price of an Underlying Instrument to which the Product relates and are sourced directly from an Exchange or Liquidity Providers.

You should note that the Quote may be higher or lower than the price for the relevant Underlying Instrument to which the Product relates on an Exchange or from a Liquidity Provider due to a number of factors, including, without limitation, spreads, interest rate costs, dividends, scrip issues, stock splits, competitor quotes or the weight of client business.

7.2.2 When are Quotes available?

ForexCT provides Quotes during Trading Hours for each of the Products. Please refer to our Website for our Trading Hours.

We will not provide a Quote in circumstances where the relevant Underlying Instrument is not actually trading on an Exchange or with a Liquidity Provider or when it is outside the normal trading hours for such Underlying Instrument or where

Exceptional Market Conditions exist. You should note that our Trading Hours may vary from the hours that such Underlying Instrument is tradeable on an Exchange or with a Liquidity Provider.

7.2.3 Quotes are indicative

All Quotes are indicative and may change at any time before an Order is executed.

7.2.4 Quotes may differ over the telephone

At our sole and absolute discretion, a Quote may differ over the telephone with a Dealer to that which is on the Trading Platform.

A Quote made to you over the telephone is only valid for that conversation and may not be available on any subsequent telephone call or even later in that same telephone conversation. Quotes that have been given as 'indication only' are not valid and will not be used in an Order unless otherwise agreed by us. Quotes that have been qualified or Quotes that you have been told are no longer valid before you place your Order are not valid for use in an Order.

7.3 Placing an Order

7.3.1 Trading Platform

You may place an Order via the Trading Platform during Trading Hours only.

The Trading Platform may give you the option to execute an Order with 'one click'. If this mode has been selected, you should note that once an Order has been placed you will not then be provided with an opportunity to check the details again.

7.3.2 Telephone

In some circumstances, ForexCT may accept an Order via the telephone with a Dealer but we will only accept an Order during Office Hours.

We may refuse to accept an Order at our sole and absolute discretion.

7.3.3 Amending or cancelling an Order

You may amend or cancel any Order during Trading Hours unless and until the Order has been executed. If an Order has been executed it will not be possible for you to amend or cancel the Order.

Any confirmation of an Order amendment or cancellation by us to you shall not be binding on us if the Order has been executed before the amendment or cancellation was made. We shall not be liable for any Transactions entered into in such circumstances.

7.4 Types of Orders

There are a number of Orders that you can place including the following:

7.4.1 Market Order

A Market Order is an instruction by you to us to buy or sell Underlying Instruments in order to open or close a Transaction at the Market Rate. For example, if you had an open foreign exchange Transaction in respect of the AUD/USD exchange rate which you wished to close and the Market Rate for AUD/USD was 0.7798/0.7800, then a Market Order to sell would be an instruction to sell at 0.7798.

Example 2.0: Market Order	
Quote	0.7798/0.7800
Market Order	Sell
Market Rate	0.7798

The examples below show how you can make a profit and loss by going Long and Short on a Margin FX Transaction. Let's assume that you just opened an Account and deposited \$5,000 and placed the following trades.

Example 2.1: Example of going Long and making a profit with Margin FX			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: AUD/USD Quote: 0.7798/0.7800 Direction: Long Size: 100,000	Leverage: 1:400 (i.e. 0.25% or 0.0025) $\$100,000 \times 0.0025$ $= \$250$	Initial Margin	\$250
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 0.7800 Market Rate: 0.7798 $((0.7798 - 0.7800) \times 100,000) / 0.7798$ $= -\$25.64$	Negative Open P&L	-\$25.64

Your Account Equity and Usable Margin have reduced after you opened the Transaction.	$\$5,000 - \25.64 $= \$4,974.36$ $\$5,000 - \$25.64 - \$250$ $= \$4,724.36$	New Account Equity New Usable Margin	$\$4,974.36$ $\$4,724.36$
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 0.7850. You decide to close the Transaction in profit.	Open Rate: 0.7800 Close Rate: 0.7850 $((0.7850 - 0.7800) \times 100,000) / 0.7850$ $= \$636.94$	Closed P&L	\$636.94
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \636.94 $= \$5,636.94$	New Account Equity & Usable Margin	\$5,636.94

In Example 2.1, you opened a Long Transaction and closed at a Quote higher than the Open Rate. Example 2.2 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Long Transaction and close at a lower Quote.

Example 2.2: Example of going Long and making a loss with Margin FX

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

You open the following Transaction: Product: AUD/USD Quote: 0.7798 (Bid) /0.7800 (Ask) Direction: Long Size: 100,000	Leverage: 1:400 (i.e. 0.25% or 0.0025) $\$100,000 \times 0.0025$ $= \$250$	Initial Margin	\$250
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 0.7800 Market Rate: 0.7798 $((0.7798 - 0.7800) \times 100,000) / 0.7798$ $= -\$25.64$	Negative Open P&L	-\$25.64
Your Account Equity and Usable Margin have reduced after you opened the Transaction.	$\$5,000 - \25.64 $= \$4,974.36$ $\$5,000 - \$25.64 - \$250$ $= \$4,724.36$	New Account Equity New Usable Margin	\$4,974.36 \$4,724.36
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 0.7750. You decide to close the Transaction in loss.	Open Rate: 0.7800 Close Rate: 0.7750 $((0.7750 - 0.7800) \times 100,000) / 0.7750$ $= -\$645.16$	Closed P&L	-\$645.16
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	$\$5,000 - \645.16 $= \$4,354.84$	New Account Equity & Usable Margin	\$4,354.84

Example 2.3 illustrates what happens if you open a Short Transaction and close at a lesser Quote than the Open Rate.

Example 2.3: Example of going Short and making a profit with Margin FX

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of	n/a	Usable Margin	\$5,000

\$5,000 is made. There is no Initial Margin requirement.			
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: AUD/USD Quote: 0.7798/0.7800 Direction: Short Size: 100,000	Leverage: 1:400 (i.e. 0.25% or 0.0025) $\$100,000 \times 0.0025$ $= \$250$	Initial Margin	\$250
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 0.7798 Market Rate: 0.7800 $((0.7798 - 0.7800) \times 100,000) / 0.7800$ $= -\$25.64$	Negative Open P&L	-\$25.64
Your Account Equity and Usable Margin have reduced after you opened the Transaction.	$\$5,000 - \25.64 $= \$4,974.36$ $\$5,000 - \$25.64 - \$250$ $= \$4,724.36$	New Account Equity New Usable Margin	\$4,974.36 \$4,724.36
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 0.7748. You decide to close the Transaction in profit.	Open Rate: 0.7798 Close Rate: 0.7848 $((0.7798 - 0.7748) \times 100,000) / 0.7748$ $= \$645.32$	Closed P&L	\$645.32
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \645.32 $= \$5,645.32$	New Account Equity & Usable Margin	\$5,645.32

In Example 2.3, you opened a Short Transaction and closed at a Quote lower than the Open Rate. Example 2.4 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Short Transaction and close at a higher Quote.

Example 2.4: Example of going Short and making a profit with Margin FX			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: AUD/USD Quote: 0.7798/0.7800 Direction: Short Size: 100,000	Leverage: 1:400 (i.e. 0.25% or 0.0025) $\$100,000 \times 0.0025$ $= \$250$	Initial Margin	\$250
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 0.7798 Market Rate: 0.7800 $((0.7798 - 0.7800) \times 100,000) / 0.7800$ $= -\$25.64$	Negative Open P&L	-\$25.64
Your Account Equity and Usable Margin have reduced after you opened the Transaction.	$\$5,000 - \25.64 $= \$4,974.36$ $\$5,000 - \$25.64 - \$250$ $= \$4,724.36$	New Account Equity New Usable Margin	\$4,974.36 \$4,724.36
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 0.7848. You decide to close the Transaction in loss.	Open Rate: 0.7798 Close Rate: 0.7848 $((0.7798 - 0.7848) \times 100,000) / 0.7848$ $= -\$637.10$	Closed P&L	-\$637.10

Your Account Equity and Usable Margin have decreased after you closed the Transaction.	\$5,000 – \$637.10 = \$4,362.90	New Account Equity & Usable Margin	\$4362.90
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You should note that in the above examples, we did not take into account any possible Rollover Adjustments or other fees or charges.

7.4.2 Entry Order

An Entry Order is an instruction by you to us to buy or sell Underlying Instruments in order to open a Transaction at a specified price which is outside the Market Rate. This is referred to as the Order Rate.

Set out below is an example of the operation of an Entry Order. Continuing on from the above example, if the Market Rate for AUD/USD is 0.7798/0.7800 and you want to open a Short Transaction but you do not want to open it at the current Bid Price, you may place an Entry Order and specify the Order Rate at a higher price of say, 0.7850 at which you wish to sell. If the price then increases to 0.7850, an Order to sell AUD/USD will be automatically executed at that price (provided the Entry Order remains open at that time). The Order Rate will be subject to minimum and maximum distances away from the Market Rate.

Please refer to the Trading Platform for more detail.

Example 2.5: Entry Order	
Quote	0.7798/0.7800
Entry Order	Sell
Order Rate	0.7850
Order will only be executed if the Bid Price reaches 0.7850	

You should be aware that Entry Orders are not guaranteed. You should refer to Section 7.7.1 (“Execution not necessarily guaranteed”) for more details.

7.4.3 Stop Loss Order

A Stop Loss Order is an instruction by the client to us to buy or sell Underlying Instruments in order to close a Transaction at a specified price that is less advantageous than the Transaction's Open Rate. This is referred to as the 'SL Rate'.

If the market moves against you and the Market Rate reaches your SL Rate, your open

Transaction will generally be closed at that specified price. See Section 7.7 ("Execution of Orders") for more detail.

You may place a Stop Loss Order at the following times:

- when you place a Market Order;
- when you place an Entry Order which then acts as a contingent stop loss instruction once the Entry Order has been executed; and
- at a later time when you already have an open Transaction.

You can amend or cancel a Stop Loss Order at any time during Trading Hours.

Set out below is an example of the operation of a Stop Loss Order.

Example 2.6: Stop Loss Order	
Quote	0.7798/0.7800
Open Transaction	Sell @ 0.7798
SL Rate	Buy @ 0.7830
Stop Loss Order will only be executed at the SL Rate if the Ask Price reaches 0.7830	

Please note that there is a minimum and maximum distance away from the Market Rate that the SL Rate can be placed.

Please refer to the Trading Platform for more detail.

7.4.4 Take Profit Order

A Take Profit Order is an instruction by the client to us to buy or sell Underlying Instruments in order to close a Transaction at a specified price that is more advantageous than the Transaction's Open Rate. This is referred to as the 'TP Rate'.

You may place a Take Profit Order at the following times:

- when you place a Market Order;
- when you place an Entry Order which then acts as a contingent instruction once the Entry Order has been executed; and
- at a later time when you already have an open Transaction.

You can amend or cancel a Take Profit Order at any time during the Trading Hours.

Set out below is an example of the operation of a Take Profit Order.

Example 2.7: Take Profit Order	
Quote	0.7798/0.7800
Open Transaction	Sell @ 0.7798
TP Rate	Buy @ 0.7750
Take Profit Order will only be executed at the TP Rate if the Ask Price reaches 0.7750	

Please note that there is a minimum and maximum distance away from the Market Rate that a TP Rate can be placed.

Please refer to the Trading Platform for more detail.

7.4.5 One Cancels the Other ("OCO") Order

An OCO Order comprises two Entry Orders linked together. When one Entry Order is executed the other Entry Order is automatically cancelled. An investor might use an OCO Order when they sense that one of two scenarios may play out in a certain Underlying Instrument.

You may place an OCO Order when you place an Entry Order.

Set out below is an example of an OCO Order.

Let's assume that the current Market Rate for the AUD/USD is 0.7798/0.7800. You are of the belief that either a fall below 0.7780 would open the AUD/USD for further falls, or a break above 0.7810 could indicate a further rise. Therefore, you place an OCO Order for a buy at 0.7820 and a sell at 0.7770. The AUD/USD rises to 0.7820 and triggers the buy Entry Order. This is filled and a new Transaction is created, whilst the linked sell Entry Order is automatically cancelled.

Example 2.8: OCO Order		
	Order 1	Order 2
Quote	0.7798/0.7800	
Entry Order	Buy	Sell
Order Rate	0.7820	0.7770
New Quote	0.7818/0.7820	
Execution	Filled	Cancelled

7.4.6 Other types of Orders

ForexCT may offer other types of Orders from time to time. These will be notified to you via the Website, by email or the Trading Platform.

7.5 Minimum and maximum distances

Please note that there is typically a minimum and maximum distance away from the Market Rate that an Entry Order, Take Profit Order, Stop Loss Order and OCO Order can be placed. Minimum and maximum distances are communicated to you via the Trading Platform.

7.6 Order durations

7.6.1 Good until Cancelled

This means that an Entry Order that you have placed will remain in effect until cancelled by you unless otherwise cancelled, expired or closed in accordance with the Customer Agreement.

All Entry Orders will default to Good until Cancelled.

7.6.2 Good until Value

This means that an Entry Order that you have placed will remain in effect until the date and time you have specified unless otherwise cancelled, expired or closed in accordance with the Customer Agreement.

7.7 Execution of Orders

ForexCT will, in its sole and absolute discretion, execute your Order in accordance with your instructions. An Order will be executed when the Quote reaches or breaches the price specified in the Order.

7.7.1 Execution not necessarily guaranteed

Unless otherwise notified to you in writing, no Orders are guaranteed which means that your Order may get executed at a worse price compared to the price specified in your Order.

In such instances, the Order will be executed at the Quote based upon the first price that ForexCT was reasonably able to obtain for the relevant Underlying Instrument on an Exchange or from a Liquidity Provider.

Example 2.9: Entry Order executed at a worse price compared to price specified in your Order	
Quote	0.7798/0.7800
Entry Order	Sell
Order Rate	0.7850
Assume the Quote spiked to 0.7858/0.7860	
Open Rate	0.7858
Since the Quote went through the Order Rate, the Order was executed at the Quote based on the first price ForexCT was reasonably able to obtain	

In some circumstances we may not be able to receive a price for the relevant Underlying Instrument on an Exchange or from a Liquidity Provider. This may mean that your Order instructions are not acted upon.

For example, during periods of significant market volatility, we may not be able to fill your Entry Order, which may result in your Entry Order being cancelled by us at our sole and absolute discretion. You should note that in some circumstances we may be able to fill some of your Entry Orders, but not all of them. If we do cancel any (or all) of your Entry Orders, then you will not hold us liable for any losses (actual or consequential) as a result of such cancellation.

7.7.2 Guaranteed execution

We offer Guaranteed Stop Loss and Take Profit Orders on Margin FX and gold and silver Products only.

You should be aware that a Guaranteed Stop Loss Order will not be offered on these Products in the following circumstances:

- (a) You have opened a Hedged Transaction; and
- (b) You have closed that Hedged Transaction (or the first Transaction) within 24 hours of opening either Transaction.

For the avoidance of any doubt, if there is a spike up or down in the Quotes after a Critical News Release, and the Quote passes through your SL Rate, then it will be executed at the Quote based upon the first price that ForexCT was reasonably able to obtain for the relevant Underlying Instrument on an Exchange or from a Liquidity Provider.

Subject to any Manifest Error, Hedge Disruption or Force Majeure Event, we guarantee that Guaranteed Stop Loss and Take Profit Orders will be executed at the price you specify and at no other price, irrespective of the Quote breaching the level you have

specified.

7.7.3 Confirmation

You will not be separately notified if and when an Order is executed. Trade confirmations will be made available via the Trading Platform.

Please see Section 11.2 ("Confirmations") and 11.3 ("Checking of confirmations and statements") for more detail.

7.8 Order priority

Orders placed on our Trading Platform or otherwise are filled according to when the Order is received by us.

7.9 Closing a Transaction

A Transaction can be closed in one of the following ways:

- a Market Order to close a Transaction is executed at the Market Rate;
- a Stop Loss Order or Take Profit Order is executed at the SL Rate or TP Rate respectively;
- in the case of a Futures Transaction, when it has expired; and
- by ForexCT exercising one of its close out rights in accordance with the Customer Agreement and set out in further detail in Section 7.10 ("Additional rights to close Transactions") of this PDS.

You may not partially close a Transaction using the PROfit Trading Platform. You may partially close a Transaction using the MT4 Trading Platform.

7.10 Additional rights to close Transactions

ForexCT may close all or part of any open Transactions at any time without notice at the Closing Price:

- if your Account Equity reaches zero;
- if you have insufficient Margin to meet your Margin Requirement (but note that you may receive a Margin Call prior to Automatic Closeout occurring in these circumstances (see Section 6.3 "Margin Calls and Automatic Closeout" for more information));
- if an Event of Default, Potential Event of Default or Force Majeure Event occurs;
- if we, at our sole and absolute discretion consider that there are Exceptional Market Conditions occurring or about to occur;
- if a Manifest Error occurs;

- if the Underlying Instrument to which the Transaction relates becomes illiquid and due to such illiquidity we are unable to trade or borrow a sufficient quantity of such Underlying Instrument to cover or settle any hedge position related to or in connection with the Transaction;
- if we are required, at any time, by a lender to return any Underlying Instrument borrowed by us which relates to the Transaction and we are then unable to maintain a hedge position in respect of the Transaction;
- if at any time we are otherwise unable to establish or maintain a hedge position, or any other Hedging Disruption occurs, in respect of the Transaction or the continuation of any such hedge is likely, in our reasonable judgment, to become more burdensome to us;
- if we reasonably believe it necessary for the protection of our rights or our clients' rights under the Customer Agreement;
- if we are required to do so by law;
- if we reasonably suspect that you are involved in any illegal activities with respect to a Transaction; or
- as otherwise contemplated by the Customer Agreement.

Where ForexCT exercises any of its rights above, we will do so at a time and date determined by us in our sole and absolute discretion and the Transaction will be closed at the Closing Price.

Any and all amounts payable in settlement of such Transactions are immediately due and payable.

7.11 Expiry of Futures Transaction

Futures Transactions are subject to expiry on the Expiry Date. This means that they will be automatically closed at that time at the Closing Price.

If you wish to close such Futures Transaction before it automatically expires you will need to place an Order and have it executed prior to the Expiry Date.

It is not possible to roll-over a Futures Transaction to a new contract period.

ForexCT reserves the right to close any Futures Transaction without notice if the Underlying Instrument to which the Futures Transaction relates is a derivative financial instrument that settles on expiry a reasonable time before the Underlying Instrument expires.

Please refer to the Website or Trading Platform for more information in relation to expiry dates for Futures Transactions.

7.12 Prohibition on Scalping

We prohibit the practice referred to as Scalping on our Trading Platform.

We consider Scalping to have occurred if a client has an Order executed and then attempts to close or hedge such open Transaction within a 2 minute timeframe.

If we believe that you are engaging in Scalping, we reserve the right to exercise a number of discretions including voiding and cancelling any such Orders or Transactions at your cost. Please refer to Section 15.1 ("General discretions") for more details on our discretions that we may exercise in these circumstances.

Please note that you may close a Transaction that has a Negative Open P&L within the two minute timeframe to enable you to avoid incurring further losses. We do not regard this as Scalping.

7.13 Critical News Releases

From time to time, and in our sole and absolute discretion, we may prohibit trading in certain Products for a reasonable period of time before and after a Critical News Release has been issued with respect to such products.

7.14 Hedged Transactions

ForexCT may allow you to execute a Hedged Transaction on some Products from time to time.

Please refer to Section 6.2.3 ("Hedged Transactions") for more detail in relation to Margin Requirements for Hedged Transactions and Section 15 ("ForexCT discretions") for more details in relation to our discretions.

8. Significant risks

It is very important that you read and understand the risks set out in this Section 8 before you apply to open an Account.

8.1 Risks of trading

Trading in the Products that ForexCT offers is a challenging and potentially profitable opportunity for investors, but it also carries a high level of risk and may not be suitable for all investors.

In particular, you should be aware of the following risks:

- the Products offered by ForexCT are OTC derivatives and are not covered by the rules of

an Exchange. Therefore, you will not have some of the benefits associated with a licensed market such as the National Guarantee Fund, a central clearing house to guarantee our obligations to you or standardised contracts;

- if the market moves against your Transaction, you could lose money including losing your entire Balance and this could be significantly more than your initial investment;
- the Products offered by us are leveraged meaning that you only have to deposit a small percentage of the notional value of a Transaction. Leverage gives you the ability to take a greater level of risk for a smaller initial outlay, thus amplifying the risks and rewards;
- unless otherwise notified to you in writing, the execution of an Order at your specified rate is not guaranteed. Accordingly, your Order may be executed at a rate that is inferior to your specified order rate or not executed at all. This may result in you losing some or all of your invested funds or losing the opportunity to benefit from price movements in the Underlying Instruments;
- in some market conditions, it could be difficult or even impossible for you to close an open Transaction. For example, where there is a trading halt or a suspension of trading in an Underlying Instrument on which a particular Transaction is based, ForexCT does not permit any trading in the relevant Product, and Quotes could be significantly different if and when trading resumes;
- the Products are subject to many influences which may result in rapid fluctuations in prices and reflect unforeseen events or changes in conditions, none of which may be controlled by you. Therefore, our Quotes could be subject to rapid and significant moves;
- ForexCT may exercise a number of discretions in certain circumstances (see Section 15 ("ForexCT discretions")) that may have an adverse impact on your Account. These include (without limitation), not providing Quotes, not accepting Orders, closing open Transactions with or without notice and refusing access to the Trading Platform;
- you should note that because of the difference between the Bid Price and the Ask Price, the Quote must move favourably before you can break even once your Order has been executed. In other words, even if a Quote does not move at all and you close out your open Transaction, you will make a loss to the extent of the Spread together with any fees and costs which may apply to the Transaction; and
- your Account is maintained in your Account Base Currency. Therefore, where you are dealing in a Product denominated in a currency different to your Account Base Currency, your Open P&L and Closed P&L will be subject to fluctuations in the relevant foreign exchange market. You should be aware that even if you have a Fully Hedged Transaction, your Account Equity may fluctuate if you are dealing in a Product denominated in a currency different to your Account Base Currency. This could potentially result in an Automatic Closeout if you do not have sufficient Account Equity to satisfy your Margin

Requirements as a result of such fluctuations. The example below demonstrates how your Account Equity may fluctuate even though you have a Fully Hedged Transaction:

Example 2.10: Account Equity fluctuating when there is a Fully Hedged Transaction			
Step 1: Opening Account	Calculation	Account Status	
Account with Account Base Currency of Australian Dollars is opened and deposit of \$5,000 is made.	n/a	Account Equity	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Gold Quote: 1170.00/1170.50 Direction: Long Size: 500 ounces You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 1170.50 Market Rate: 1170.00 $((1170.00 - 1170.50) \times 500)$ = -US\$250 Let's assume the AUD/USD Quote is: 0.7500 In Australian dollars: -US\$250 / 0.7500 = -\$333.33	Negative Open P&L	-\$333.33
Your Account Equity has reduced after you opened the Transaction.	\$5,000 - \$333.33	New Account Equity	\$4,666.67
Step 3: Opening a Fully Hedged Transaction	Calculation	Account Status	
You now decide to open a Fully Hedged Transaction: Product: Gold Quote: 1170.00/1170.50 Direction: Short Size: 500 ounces You open the Transaction at the Bid Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 1170.00 Market Rate: 1170.50 $((1170.00 - 1170.50) \times 500)$ = -US\$250 Let's assume the AUD/USD Quote is: 0.7500 In Australian dollars: -US\$250 / 0.7500	Negative Open P&L	-\$333.33

	= -\$333.33		
Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \$333.33 - \$333.33$	New Account Equity	\$4,333.34
Step 4: The AUD/USD decreases in value	Calculation	Account Status	
Later that day, the Gold price is still trading at 1170.00/1170.50. However, the AUD/USD Quote has fallen significantly in value to 0.7200. Even though you have a Fully Hedged Transaction, the Australian Dollar Negative Open P&L increases due to foreign exchange fluctuation.	$(-\text{US}\$250 - \text{US}\$250) / 0.7200$ = -\$694.44	Negative Open P&L	-\$694.44
Your Account Equity has reduced after the fall in the AUD/USD Quote.	$\$5,000 - \694.44	New Account Equity	\$4,305.56

You should note that the example above does not take into account Rollover Adjustments. If you hold a Transaction overnight then a Rollover Adjustment may also reduce your Account Equity.

8.2 Counterparty Risk – Financial Resources

ForexCT is the issuer of all Products. This means that you are dealing with us as the counterparty to every Transaction.

Accordingly, you are exposed to the financial and business risks of trading with ForexCT. If ForexCT was to become insolvent, we may be unable to meet our obligations to you. In this scenario, you may become an unsecured creditor of ForexCT and will not have recourse to any underlying assets of ForexCT.

ForexCT maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its AFSL. The steps that are taken to ensure this include:

- employing adequate resources (including financial, technical and human resources) to provide the financial services covered by our AFSL;
- maintaining a monthly set of financial accounts which address our base level financial requirements, net tangible assets requirements and reporting requirements outlined in ASIC Regulatory Guide 166 ("Licensing: Financial requirements") and our AFSL;
- preparing monthly management reports;
- performing regular daily client liability reconciliation reports to ensure that there is sufficient Client Money to cover our client liabilities;
- having regular monthly communication with independent external accountants and legal advisers;
- conducting an independent external audit at the conclusion of every financial year; and
- performing stress testing to ensure ForexCT holds sufficient liquid funds to withstand significant adverse market movements.

In addition, ForexCT maintains robust risk management and compliance systems designed to ensure that ForexCT adheres to these financial requirements.

You can assess our financial ability to meet counterparty obligations by reviewing our most recent audited financial statements. Should you wish to be provided with a copy of our most recent audited financial statements, then please request this information directly from us and we will provide it free of charge.

8.3 Counterparty Risk – Hedging

ForexCT may enter into hedging arrangements with various Hedge Counterparties in order to mitigate market and client risk. When required, ForexCT may pass on some or all of its client exposure to its Hedge Counterparty. In doing so, ForexCT is able to reduce its overall risk to market fluctuations.

There is a risk that a Hedge Counterparty may default on its obligations to us, which could adversely impact on our ability to meet our obligations to you. If we default on our obligations to you, including as a result of a default of a Hedge Counterparty, you may become an unsecured creditor of ForexCT and will not have recourse to any underlying assets of ForexCT.

We take a number of factors into consideration when selecting our Hedge Counterparties. We will consider a Hedge Counterparty's financial standing (including through a review of financial statements and reports, undertaking a credit assessment, and other measures designed to verify the creditworthiness of a prospective Hedge Counterparty) and their internal processes for managing risk. We will also consider a Hedge Counterparty's reputation, conflicts of interests, internal compliance arrangements and our prior business dealings.

We currently have a hedging arrangement in place with Bforex Limited, a company incorporated in the British Virgin Islands. Bforex Limited is not regulated by ASIC in Australia, and is instead governed by the laws of British Virgin Islands (which are different to the laws of Australia). In appointing Bforex Limited as our counterparty we assessed Bforex Limited's financial standing and risk management procedures. Since their appointment we have monitored these factors and regularly assessed their performance against their contractual obligations.

More information about our hedging arrangements can be found in our hedging policy, which is published on our Website. You can access it by going to the following page: <http://www.forexct.com.au/Documents/Hedging-Policy>. In addition, investors can obtain a copy of our hedging policy contacting us and requesting a copy. A copy will be provided free of charge.

8.4 Margin and Automatic Closeout

ForexCT requires you to maintain sufficient Margin in your Account at all times. Our margin policy dictates that in order for your Transactions to remain open, your Account Equity must be positive.

Without limiting our rights or your obligations elsewhere in this PDS or otherwise, your open Transactions may be automatically closed out if you do not have sufficient Account Equity to satisfy your Margin Requirements.

Prior to Automatic Closeout, you may be notified of your low margin level via a Margin Call alert issued through the PROfit or Web PROfit Trading Platforms. We are not obliged to notify you before exercising our right to Automatically Closeout some or all of your Transactions. However, we may decide to do so at our discretion. You are solely responsible for monitoring any open Transactions you have, and the level of Account Equity in your Account.

Please refer to Section 6.2 ("Margin Requirement") and 6.3 ("Margin Calls and Automatic Closeout") for more detail.

8.5 Risks of trading on credit

Using a credit card to fund your Account may pose the risk of double leverage from using a credit facility to fund a leveraged Account. This will significantly increase your risk and if you make a loss using that money, you will still need to repay your credit card, plus interest.

8.6 Information Technology

ForexCT uses all reasonable endeavours to make the Trading Platform available when required by you. However, we cannot guarantee the availability of the Trading Platform.

Errors and failures may occur in respect of Trading Platform technology and the internet may be subject to faults and events which may affect your access. Additionally, your systems, our systems or the systems of a third party which you or we rely on, may fail to work properly.

Please refer to Section 15.4 ("Force Majeure") for more information in relation to Force Majeure Events.

We are constantly striving to improve the Trading Platform. This means that the Trading Platform may need to be suspended or updated as a result of periodic maintenance, repairs or upgrades. We will always seek to carry out such work outside Trading Hours and, where necessary, provide you with prior notice.

It is your responsibility to ensure that you are able to gain access to the Trading Platform. In particular, it is your responsibility to have an appropriate device to connect to the Trading Platform and the appropriate network connectivity.

ForexCT does not accept any liability in respect of the operation of our Trading Platform, and will not be liable in respect of any Loss (including loss of profit or revenue), cost or damage including, without limitation, consequential, unforeseeable, special or indirect damages or expense which you might incur as a result of or arising out of either accessing and using or being unable to access and use the Trading Platform.

8.7 Market Information

ForexCT may in the future make available to you a broad range of financial information generated internally or obtained from third party providers. This may include, without limitation, financial market data, quotes, charting packages, news, analyst opinions and research reports, graphs or data.

Information provided by us to you by email, the Trading Platform, through our Website (or third party websites) or by any other means is not intended as advice and we do not endorse or approve such information. We make it available to you only as a service for your convenience. Additionally, ForexCT does not guarantee the accuracy, timeliness, completeness or correct sequencing of any such information or warrant any results from your use or reliance on such information.

Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. We are not obligated to update any

information or opinions and we may discontinue offering market information at any time without notice.

8.8 Charting

The Charts operate on pricing data sourced from third parties. We shall use reasonable endeavours to ensure an acceptable service, however, the pricing data displayed on the Charts may be delayed and we do not guarantee the accuracy or completeness of the data, either current or historical, and we do not guarantee that the service will not be interrupted.

Furthermore, in the event of a discrepancy between the pricing data on the Charts and the Quotes provided on the Trading Platform, the Quotes on the Trading Platform will prevail.

8.9 Withdrawals

There is a risk that you may not be able to make a withdrawal from your Account at all times. Withdrawals will be subject to you having enough Withdrawable Equity and leaving enough Account Equity in your Account to cover any Margin Requirements or any other payments. In addition, we may withhold withdrawals at our discretion in certain circumstances.

See Section 9.7 ("Withdrawals") for further information.

8.10 Manifest Error

There is a risk that a manifest error may occur in relation to a Transaction. A "Manifest Error" means a quoting or execution error including, but not limited to, a mistype of a Quote, a Quote or trade which is not representative of fair market prices, an erroneous Quote from us, including an erroneous Quote due to failure of hardware, software or communications lines or systems and/or inaccurate external data feeds provided by third parties. ForexCT may exercise certain discretions in the event of a Manifest Error, and will not be bound by any Order executed (whether or not confirmed by us) at a price which was, or should have been, known to either party to be materially incorrect at the time of the trading.

See Section 15.3 ("Manifest Error") for further information.

8.11 Force Majeure Event

There is a risk that a Transaction may be affected by a Force Majeure Event. We may in our reasonable discretion determine that a Force Majeure Event exists or is likely about to exist. Upon determination that a Force Majeure Event exists or is about to exist, all of our obligations will be immediately and automatically suspended until we determine in our reasonable discretion that a Force Majeure Event no longer exists.

See section 15.4 ("Force Majeure Event") for further information.

8.12 Hedging Disruption

There is a risk that Transactions may be subject to Hedging Disruption. A Hedging Disruption means circumstances where we are unable, after using commercially reasonable (but no greater) efforts:

- to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of any transaction or asset we deem necessary to hedge any risk related to or in connection with a relevant Transaction; or
- to realise, recover or remit the proceeds of any such transaction or asset.

If ForexCT determines that a Hedging Disruption has occurred, or may occur, including a Hedging Disruption which is a result of any actual or imminent delay, disruption, suspension, or reduction in any payment or settlement in respect of any transaction or asset ForexCT deems necessary to hedge its Transaction price risk, whether such Hedging Disruption arises directly or indirectly from the failure of a hedging counterparty to perform its obligations or otherwise, then you will be liable to ForexCT for any increased costs or expenses resulting from such Hedging Disruption (including any costs of unwinding, establishing or re-establishing a hedge) and ForexCT may upon notification of such costs to you deduct them from your Account or demand payment of such costs directly from you.

See Section 15.5 "(Hedging Disruption)" for further information.

8.13 Corporate Action

There is a risk that a Corporate Action may affect a Transaction. If a Corporate Action occurs we will reasonably determine what adjustment, if any, to be made to the Transaction to account for the dilutive or concentrative effect of any such event to preserve the economic equivalent of such Transaction immediately prior to the relevant event or to reflect the effect of such event on such Transaction. Any such adjustments will be effective as of a date reasonably determined by us.

See section 15.8 "(Corporate Action)" for more information.

9. Costs and fees

9.1 Spread

We incorporate a cost in the prices at which we are prepared to trade, otherwise known as the Spread. This is the difference between the Bid Price and Ask Price of a Product.

The Spread is specified as a number, and often referred to as a price interest point or "pip". For currency pairs displayed to four decimal places, one pip is equal to 0.0001. For example, if we Quote 0.7798/0.7800 it means we are prepared to sell (you buy) at 0.7800 and buy (you sell) at 0.7798, and our Spread for AUD/USD would be 2 pips.

Unless otherwise specified to you, our spreads are fixed. However, this does not prevent us from changing the fixed spreads we offer you from time to time at our sole and absolute discretion.

All of our Spreads are displayed on the Trading Platform.

9.2 Rollover Adjustments

If you hold a Transaction overnight, a credit or debit funding adjustment will be made to your Account. This is referred to as a 'Rollover Adjustment'.

You are deemed to have held a Transaction overnight if it is open at 12:00 am (GMT).

A Rollover Adjustment will be made regardless of whether you have a long or short Transaction.

Set out below is an example of a Rollover Adjustment.

Example 2.6: Rollover Adjustment		
Underlying Instrument	AUD/USD	AUD/USD
Direction	Long	Short
Size	500,000	100,000
Rollover Rate	0.82 of a pip	-1.37 of a pip
Rollover Adjustment	US\$41.00 (0.82 x 0.0001 x 500,000)	US\$(13.70) (-1.37 x 0.0001 x 100,000)

You are able to view our Rollover Adjustment rates for each Product on the Trading Platform.

9.3 Interest on cash balances

We do not pay interest on Balances unless otherwise agreed in writing by us.

9.4 FX balance conversions

9.4.1 Depositing and withdrawing cash

When you deposit cash with ForexCT in a currency other than your Account Base

Currency, we will automatically convert that cash into your Account Base Currency at a rate reasonably determined by us.

If you request a withdrawal of cash from your Account in a currency other than your Account Base Currency, ForexCT will first convert that cash to the currency that you have requested at a rate reasonably determined by us.

You should note that if we believe, in our sole and absolute discretion, that you have deposited cash into your Account for the predominant purpose of seeking an advantageous delivery exchange rate and not for trading any of the Products, we may return the funds in the same currency as you originally deposited less any fees and costs.

9.4.2 Transaction costs

When you close a Transaction denominated in a currency other than your Account Base Currency, we will automatically convert the Closed P&L into your Account Base Currency at a rate reasonably determined by us.

All transaction costs will also be automatically converted into your Account Base Currency if they are incurred in another currency.

9.5 Advisor Payments

Where permitted by law and specifically authorised by you when you apply for an Account, we will collect an Advisor Payment from you and pay it to:

- (a) the ForexCT employee who acts as your Advisor; or
- (b) an employee of a corporate authorised representative of ForexCT who acts as your Advisor.

Your Advisor may change, and the relevant Advisor Payment will be paid to the Advisor who provided the relevant service to you (for example, the FTD Advisor Fee will be paid to the Advisor who assists you to open your Account). The amount that we collect from you and pay to them is set out below. You irrevocably authorise and instruct us to deduct the relevant Advisor Payment from your Account on the due date for payment set out below and pay it to your Advisor.

The Advisor Payments are made up of:

- (a) FTD Advisor Fee;
- (b) Net Deposit Advisor Fee; and
- (c) Transaction Advisor Payment.

Where you are referred to us by an Introducing Broker, and where permitted by law and specifically authorised by you when you apply for an Account, we will collect an IB Advisor Payment from you and pay it to an Introducing Broker. The amount of the IB Advisor Payment will vary depending on the arrangement you have with your Introducing Broker.

9.5.1 FTD Advisor Fee

You irrevocably authorise and instruct us to collect an FTD Advisor Fee, based on a percentage of the FTD value, from you and pay it to your Advisor. The relevant amount of the FTD Advisor Fee that you authorise us to collect on behalf of your Advisor is set out below. This is a one off fee paid to your Advisor which is incurred when you first deposit money into your Account. You should note that an FTD Advisor Fee shall not be payable if you:

- do not open at least 5 Transactions between the date of the FTD and the 25th day of the following Month; or
- make a withdrawal of funds in the period between the date of the FTD and the 25th day of the following Month. This does not include a withdrawal of any profit over and above the amount of the FTD.

The table below demonstrates the FTD Advisor Fee structure:

FTD Value (\$)	FTD Advisor Fee (%)
0.00 – 1,499.99	0
1,500.00 – 2,499.99	2
2,500.00 – 3,499.99	3
3,500.00 – 9,999.99	4
10,000 +	5

Example 3.0: Calculating FTD Advisor Fee

FTD Value	\$1,500
FTD Advisor Fee %	2
FTD Advisor Fee amount	\$30

The maximum FTD Advisor Fee amount payable is \$5,000.

9.5.2 Net Deposit Advisor Fee

You irrevocably authorise and instruct us to collect a Net Deposit Advisor Fee of 0.5% of the net deposits made into your Account in a calendar month, and pay it to your Advisor. At the end of each month we will deduct the Net Deposit Advisor Fee from your account and hold it on trust to be paid to your Advisor at the start of the next calendar month.

Example 3.1: Calculating Net Deposit Advisor Fee	
Total deposits during Month (\$)	2,000
Total withdrawals during Month (\$)	(1,000)
Net Deposit (\$)	1,000
Net Deposit Advisor Fee (\$)	0.5% x \$1,000 = \$5

For the avoidance of any doubt, if your Net Deposit is zero or negative for the Month, then no Net Deposit Advisor Fee will be payable.

9.5.3 Transaction Advisor Payment

You irrevocably authorise and instruct us to collect a Transaction Advisor Payment of 0.5% of the Spread Value of all opened trades during a Month. The Transaction Advisor Payment is collected by us at the end of each month and we hold it on trust to be paid to your Advisor at the start of the next calendar month. This fee is known as a Transaction Advisor Payment.

The Spread Value is calculated according to the following formula:

Common Spread x Transaction size in US dollars

Example 3.2: Calculating Transaction Advisor Payment				
Let's assume you open a number of trades during the Month.				
The table below lists those trades and shows how the Spread Value is calculated.				
Trade No.	Symbol	Transaction Size (US\$)	Common Spread	Spread Value (US\$)
1	AUD/USD	50,000	2 pips	0.0002 x 50,000

				= \$10
2	GBP/USD	100,000	3 pips	0.0003 x 100,000 = \$30
3	EUR/USD	200,000	2 pips	0.0002 x 200,000 = \$40
Total Spread Value (US\$)				\$80
Transaction Advisor Payment (US\$)				0.5% x \$80 = \$0.40

The Transaction Advisor Payment is calculated in US dollars and converted to Australian dollars using the average spot rate for the last day of the month. The amount deducted from your Account will be the amount in your Account Base Currency.

9.6 Funding your Account

ForexCT only accepts cash or cash equivalents (including credit card payments up to the specified limit) when funding your Account. You should note that an initial credit card limit of US\$15,000 shall apply when establishing an Account.

This limit ensures that investors can only use a limited amount of borrowed funds to open an Account. Investors who use credit card payments as opening collateral are exposed to the risk that they may lose their entire initial outlay, and then be required to pay interest in addition to this lost amount, to their credit card provider. Accordingly, using credit card payments to fund your Account may expose you to a greater risk of entering into financial difficulties, than if you had used cash to fund your Account.

An initial limit of US\$15,000 will also apply to debit card payments.

If you fund your Account by an International bank transfer (otherwise known as a 'telegraphic transfer') then we may charge you a fee of up to \$25 per transfer.

All funds must be cleared funds before they will be counted towards your Balance.

You should note that you may also be required to pay fees to the payment provider if you pay by credit card or bank transfer. For example, your card issuer may treat a payment to us as a cash advance or international transfer (for non-Australian cards) and charge you accordingly. It is necessary to check with your card provider or bank to ascertain full details.

9.7 Withdrawals

Withdrawal options	Charges
Domestic bank transfers	No charge
International bank transfers	\$20 per transfer
Credit card refund	No charge

The cut off time for all withdrawal requests is 12:00 pm Melbourne time. ForexCT will use reasonable endeavours to ensure that withdrawal requests are processed within 2 Business Days.

However, we will not be responsible or liable for any losses you may incur directly or indirectly as a result of any delays in processing such withdrawals. Delays may occur for a number of reasons including as a result of bank delays, technical problems, public holidays and insufficient or incorrect information.

You may withdraw money from your Account using the withdrawal facility on our Trading Platform or Website. If you cannot access the withdrawal facility on our Trading Platform, please contact us.

Withdrawals will be subject to you having enough Withdrawable Equity and leaving enough Account Equity in your Account to cover any Margin Requirements or any other payments.

We may at our discretion withhold withdrawals if:

- Transactions on your Account show Negative Open P&L;
- we reasonably consider that funds may be required to meet any current or future Margin Requirements or current or future Rollover Adjustments;
- you have any contingent liability to us or to any of our Affiliates in respect of any other Account you have opened with them or otherwise;
- we reasonably determine that there is an unresolved dispute between you and us;
- you have not provided us with verification of your credit card or bank account details;
- we consider it necessary or desirable to enable us to comply with regulatory or legal obligations; or
- we consider that your trading is in breach of any term of the Customer Agreement.

We will, except where necessary or desirable to enable us to comply with regulatory and legal obligations, notify you as soon as reasonably practicable if we decide to withhold withdrawals.

We will not pay funds to any third party account. Funds requested for withdrawal will only be paid to a bank account in the same name as the relevant Account holder held with us.

We will normally remit money in the same method and to the same place from which it was received. However, in exceptional circumstances we may, at our sole and absolute discretion, consider a suitable alternative.

9.8 Minimum and maximum deposits and balances

9.8.1 Minimum deposit amount

ForexCT may vary the minimum deposit amounts from time to time. This will be notified on the Website or on the Trading Platform.

9.8.2 Maximum credit card and debit card deposits

ForexCT may set limits from time to time on credit card and debit card payments. These include limits on individual transactions, aggregate deposit amounts and the number and frequency of transactions processed. ForexCT has a default initial maximum credit/debit card aggregate deposit amount of US\$15,000. You may request ForexCT to remove or increase this limitation or another associated credit or debit card payment limitation, however where you have made such a request, you may be asked to provide ForexCT with additional information or documentation as described in Section 9.9 ("Additional information and documentation required"). You can ascertain the amount of any credit or debit card payment limit that applies with respect to your Account by contacting us during Office Hours. It is your responsibility to ascertain and understand the nature of any credit or debit card payment limits that apply to you. ForexCT will notify you as soon as reasonably practicable of any changes to your credit or debit card payment limit, however ForexCT will not be held responsible or liable for any Loss (actual or consequential) you incur as a result of a credit or debit card limitation.

9.8.3 Minimum balance amount

From time to time, ForexCT may set a minimum balance amount. This will be notified to you via the Website or the Trading Platform.

9.9 Additional information and documentation required

9.9.1 Credit card and Debit Card declarations

ForexCT may require you to sign a declaration of deposits ("**DOD**") for any credit card and debit card transactions that you make. A DOD is a written record of recent transactions made using your credit or debit card, which we may require you to sign as a method of ensuring that you have properly authorised all transactions.

You should note that if you do not comply with any request to complete a DOD, ForexCT reserves the right to immediately limit what credit card and debit card payments you may make including preventing you from making any further credit card or debit card payments.

9.9.2 Copy of your credit card and/or debit card

ForexCT may require you to provide a copy of your credit card and/or debit card in order to process deposits and withdrawals. In such circumstances, we require that you cover up the first six digits and the last four digits of the credit card and/or debit card. We also require you to cover up the CCV security number on the back of the credit card and/or debit card.

9.9.3 Copy of bank statement

ForexCT may require you to provide a copy of your bank statement in order to process deposits and withdrawals. In such circumstances, we require that you send us a bank statement showing the beneficiary name and address, BSB number (Australian bank accounts), bank account number and name of bank. If the bank account is held with a bank outside Australia (i.e. international bank) then we may require additional information from you such as a SWIFT, branch address and/or IBAN.

9.9.4 Photo identification

ForexCT may require you to provide a copy of your photo identification in order to process deposits and withdrawals. In such circumstances, we require that you send us a copy of one of the following documents:

- an Australian passport (current or expired within the previous two years, but not cancelled);
- a current international passport (current or expired within the previous two years, but not cancelled); or
- a current driver licence or permit (government issued).

9.9.5 Certified documentation

In accordance with ForexCT's ongoing customer due diligence requirements, we may require you to provide certified copies or original certified documents to us from time to time. If these are not provided to us within the timeline specified by us, then we may in our sole and reasonable discretion:

- cease providing you with access to the Trading Platform and access to our products and services;
- refuse to process your deposits or withdrawals; and/or

- close any Transactions you may have open and terminate our contract with you.

10. Client Money

10.1 Definition of Client Money

"Client Money" is money paid to us in connection with a Product you hold. It includes any free cash (i.e. money that is not being used for any purpose) and any Positive Open P&L.

10.2 Client Money Account

ForexCT holds all Client Money in one or more segregated client trust accounts established with an Australian ADI and maintained and operated in accordance with the Australian Client Money Rules (each a "**Client Money Account**").

ForexCT does not use Client Money for its own purposes, including meeting obligations incurred by us when hedging with other counterparties. As such, you will not be exposed to any hedge counterparty credit risk with respect to any use by us of derivatives for hedging purposes.

You should be aware in accordance with ForexCT's client money policy, individual client accounts are not maintained, and instead all Client Money is co-mingled into one or more Client Money Accounts. ForexCT will not use money deposited by one investor to meet the margin or settlement requirements of another investor. This is due to the Negative Balance Protection feature, whereby an investor's maximum potential loss will be limited to the amount equal to that investor's Balance - your Balance is the funds that you have deposited with us plus or minus any Closed P&Ls. If you choose to deposit additional funds with us, for additional Margin Requirements or otherwise, then the risk of potential loss will include these additional amounts.

However, at all times the maximum potential loss will be limited to the amount equal to your Balance. ForexCT is permitted to use Client Money in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives, and this use of Client Money is not limited to the amount relating to an individual client's margin payments. Accordingly, there is a risk that you may not receive all the money held by us on your behalf, if there is a deficit in the Client Money Account and ForexCT becomes insolvent or is otherwise unable to pay the deficiency. ForexCT will maintain an administrative "buffer" amount within each Client Money Account, for the purpose of ensuring that there are adequate funds in that Client Money Account to avoid a shortfall when payments are made from that Client Money Account, as a result of incorrect bank fees or other unintended or uncontrollable errors that may reduce the balance of the Client Money Account.

You expressly waive the right to any interest that is earned on your Client Money that is held in our Client Money account, and we will retain any such interest.

We will not be liable for the solvency or any act or omission of any Australian ADI holding Client Money.

10.3 Withdrawals from Client Money Account

ForexCT is entitled to deduct any money from the Client Account in order to meet obligations you have incurred in respect of your Transactions (including Closed P&L, Negative Open P&L (i.e. Variation Margin), and Rollover Adjustments). Withdrawals from the Client Money trust account will only be made in the following circumstances:

- to process a withdrawal request made by an investor;
- to meet the trading obligations incurred by the client, including any Negative Open P&L (Variation Margin) that is payable by a Client;
- to claim interest that has been earned on a Client Money Account, to which we are entitled to retain (see section 10.1 above); or
- in circumstances where there is an excess amount in the administrative buffer that we maintain in the Client Money account.

10.4 Unclaimed monies

If there has been no movement on your Account for a period of six years after the date you become entitled to a transfer of your money held in such account (notwithstanding any payments or receipts of interest or similar items) and we are unable to trace you despite having taken reasonable steps to do so, such money shall be treated by us as unclaimed money and dealt with in accordance with the provisions of the *Unclaimed Monies Act 1962* (Vic).

11. Account administration

11.1 Monitoring your Account

You may use the Trading Platform to monitor your Orders and Transactions at any point in real time. You agree to use our Trading Platform to:

- confirm all Transactions entered into with us; and
- monitor your obligations to us.

You must keep all security information relating to your Account confidential. You are responsible for all Orders and instructions and for the accuracy of all information sent electronically using the username and password that has been linked to your Account (for example, by an Authorised Person).

If you suspect or are aware your username or password are no longer confidential, you should contact us immediately.

11.2 Confirmations

When an Order is executed with us electronically, a confirmation will appear on the Trading Platform. It is only at this point, and subject to other terms in this PDS, that a binding contract between you and us in respect of that Transaction arises.

If an Order is executed with us over the phone, the Trade will constitute a binding contract once you have agreed to an Order Rate on the phone rather than at the time the confirmation appears on the Trading Platform.

11.3 Checking of confirmations and statements

You should check all the contents of confirmations, statements and other information we provide to you electronically or otherwise in detail and contact us within three Business Days if you disagree with any of its contents.

Such documents will, in the absence of Manifest Error, be conclusive unless you notify us in writing to the contrary within three Business Days of receipt. The three Business Days begins from the time the information is posted on our Trading Platform or sent to you electronically (or otherwise provided to you).

We may, however, at any time, correct the contents of statements without prior notice to you.

11.4 Separate accounts

Where you have opened more than one Account with us we will treat such Accounts as entirely separate. Any credit, including money deposited as Margin, on one Account will not, except where we exercise our rights under the Customer Agreement, discharge any of your liabilities in respect of another Account.

If you request it in writing, we may, in our discretion, agree to treat your Accounts as one Account. In this case, all references to an Account in this PDS will be to your Accounts so aggregated. If we agree, such a request will take effect on the date we notify you.

12. Tax implications

Trading in our Products has the potential for generating substantial profits and losses and the tax implications may be significant depending on the personal circumstances of each individual client. These tax implications can be complex and are invariably specific to the individual client's circumstances.

ForexCT does not provide tax advice and we recommend that you seek your own professional tax advice as to the impact that any profits or losses generated from trading may have on your overall tax position.

The Australian Taxation Office has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFD products. A copy is available at the ATO's website www.ato.gov.au.

You should note that this is a 'public ruling' for the purpose of Part IVA of the *Taxation Administration Act 1953* (Cth) and therefore, if the ruling applies to an investor, the Commissioner of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall.

13. Customer privacy

13.1 Your information

To start trading with ForexCT, you have to open an Account. To do this you must complete an Application Form online at www.forexct.com.au, which involves providing us with personal information. By submitting the Application Form you are indicating that you agree to your personal information being collected, used and disclosed in accordance with this privacy statement and our Privacy Policy available at our Website.

In the course of conducting business with you, we may also collect personal information from you such as your name, address, phone number, email address, age and information regarding products and services you enquire about or trade with us.

If you do not provide us with all the information we consider to be compulsory we may be unable or limited in the products or services we can provide to you.

13.2 Privacy Act 1988

ForexCT recognises the importance of your privacy and abides by the Australian Privacy Principles ("APP") contained in Schedule 1 of the *Privacy Act 1988* (Cth).

13.3 Anti-Money Laundering and Counter-Terrorism Financing Act 2006

As required by the current anti-money laundering regulations as contained in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* ("**AML/CTF Act**"), we are required to collect personal information about you to establish proof of your identity and address details.

This process is conducted by cross-referencing information provided by identification verification agencies and the information that you provide on your Application Form. Under the *Anti-Money Laundering and Counter-Terrorism Financing Regulations 2008* (Cth), we must reject your application if you do not provide us with the required proof of your identity and address. You may be asked to supply additional information to support any verification attempts that are initially unsuccessful. Additionally, by registering with ForexCT, you give us consent to electronically verify your name, address, date of birth and other information through a range of public and private databases. Electronic verification is performed for the sole purpose of ForexCT satisfying its customer verification obligations under the AML/CTF Act.

The databases that we may access include but are not limited to: Medicare Australia, the ATO, Australian Electoral Role, Department of Foreign Affairs and Trade, ACT Road Transport Authority, NSW Transport Roads & Traffic Authority, Queensland Transport and Main Roads, South Australia Department for Transport, Energy and Infrastructure, VicRoads, and/or Western Australia Department of Transport.

During the application process we may ask you questions or request information relating to your source of funds, annual income, occupation and occupation industry. If you do not provide this information, we may not be able to successfully process your application. We may also ask you during or after the application process to provide evidence supporting the information you have provided. If you do not provide us with this information or evidence, this may result in your application being rejected or your Account being terminated.

13.4 How we use your information

All personal information collated by ForexCT will be used for our internal administration and marketing purposes to establish and support the ongoing administration of your Account, to advise you of new developments relevant to your Account and to comply with Applicable Legislation.

We may disclose your personal information to external parties, who provide services to us in relation to your account, Introducing Brokers/referrers, to a government or regulatory body (such as ASIC, AUSTRAC or the ATO) or upon a court order, but otherwise, we will not disclose your personal information to any other external parties.

We will take reasonable steps to ensure that all information we collect or use is accurate,

complete, and up to date and stored in a secured environment and is accessed only by authorised personnel for permitted purposes. If you wish to access or modify personal information which we hold about you, please contact us using the contact details specified in section 1.5 ("Contact details"). If you establish that personal information we hold about you is not accurate, complete or up-to-date, we will take reasonable steps to correct it.

13.5 Privacy Policy

At ForexCT, we are committed to maintaining the highest standards of integrity in our business and we take our client's privacy seriously. To view our full Privacy Policy, please visit our Website at www.forexct.com.au.

14. Dispute resolution

ForexCT has an internal dispute resolution process in place with the aim to resolve any complaints or concerns you may have, swiftly and fairly. Any complaints or concerns should be directed to the complaints officer (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in Section 1.5 ("Contact details") of this PDS or by email to complaints@forexct.com.

ForexCT will first acknowledge receipt of written complaints within five business days, and aim to resolve and respond to complaints within 45 days of receipt. We will investigate your complaint, and provide you with our decision, and the reasons on which it is based, in writing.

Should you be dissatisfied with the outcome, you have the right to lodge a complaint with the Financial Ombudsman Service (contact details below), an approved external dispute resolution scheme, of which ForexCT is a member. You may also make a complaint via the ASIC free call info line on 1300 300 630.

Financial Ombudsman Service Limited

GPO Box 3

Melbourne VIC 3001

Telephone (toll free): 1300 78 08 08

Facsimile: +613 9613 6399

Website: www.fos.org.au

Email: info@fos.org.au

15. ForexCT discretions

15.1 General discretions

We may, acting reasonably, exercise a variety of discretions under the Customer Agreement

with respect to your trading. These include (but are not limited to):

- reject an application to open an account and close an Account;
- adjusting the Quote and Spreads available to you;
- refusing Orders;
- voiding, closing, cancelling and adjusting any and all Orders and Transactions;
- changing Order and Transaction sizes and minimum and maximum distances from the Spread applicable for Orders;
- varying Margin Requirements and leverage;
- amending the Website;
- restricting your access to the Trading Platform including any instant streaming Quotes;
- providing manual Quotes only;
- introducing new costs and charges and passing on any costs or charges incurred by us;
- charging you interest on any monies owed by you;
- withholding payments and withdrawals;
- recovering from your Account or from you any historic trading profits that have been gained through or reasonably appear to have been gained from Scalping as determined by us in good faith; and
- exercising any other right set out or contemplated in the Customer Agreement.

In exercising our discretions, we will have due regard to our commercial objectives. These include:

- complying with our legal obligations as a holder of an AFSL;
- maintaining our reputation as a product issuer;
- responding to competitive market forces; and
- managing all forms of risk including, but not limited to, operational risk, counterparty risk, liquidity risk and market risk.

Moreover, unless in our sole and absolute discretion we consider it necessary or desirable to do so without prior notice to you, we will, where reasonably possible, take steps to advise you before exercising such discretions.

15.2 Amendments to Customer Agreement

Without prejudice to the foregoing, we may amend or vary the Customer Agreement from time to time. ForexCT will notify you of any amendments or variations by either placing a notice on the Website, via email or via the Trading Platform. Such notice will state the date

the amendment or variation will come into effect, which date, in the case of material amendments or variations, shall not be less than 3 Business Days after the notice is posted. Any such amendment will apply to all Orders and Transactions open on or after the effective date.

ForexCT may amend the Customer Agreement with immediate effect where such amendment is necessary to comply with any legal or regulatory obligation to which ForexCT is subject, or due to Force Majeure Events, Exceptional Market Conditions or Manifest Errors. In these circumstances, ForexCT will provide you with notification of such amendments as soon as reasonably practicable. Notification may be provided on the Website, via email or via the Trading Platform.

15.3 Manifest Error

A 'Manifest Error' means a quoting or execution error including, but not limited to, a mistype of a Quote, a Quote or trade which is not representative of fair market prices, an erroneous Quote from us, such as but not limited to an erroneous Quote due to failure of hardware, software or communication lines or systems and/or inaccurate external data feeds provided by third parties.

If you trade or purport to trade in order to exploit a Manifest Error (whether or not such exploitation is not your sole or primary reason for trading) or errors in prices or misquotes (whether knowingly or otherwise) including without limitation:

- taking advantage or attempting to take advantage of pricing errors or misquotes or trading outside Trading Hours; and
- engaging in any forms of abusive trading determined in our sole and absolute discretion,

then we are entitled to exercise any one or more of the discretions as set in Section 15.1 ("General discretions").

ForexCT will not be bound by any Order executed (whether or not confirmed by us) at a price which was, or should have been, known to either party to be materially incorrect at the time of the trading.

If you give notice to us that you believe an Order has been executed on the basis of an incorrect price, we will determine at our discretion, acting in good faith, whether the Quote was materially incorrect. If you hold such belief, you must give such notice to us within three Business Days of entering into the relevant Transaction. We will give you notice within a reasonable period, not exceeding ten Business Days after the Order has been placed if the Transaction is voided by us.

15.4 Force Majeure Event

We may in our reasonable discretion determine that a Force Majeure Event exists or is likely about to exist. Upon determination that a Force Majeure Event exists or is about to exist, all of our obligations will be immediately and automatically suspended until we determine in our reasonable discretion that a Force Majeure Event no longer exists.

A Force Majeure Event means any:

- breakdown or failure of any transmission or communication system or equipment or computer facility or trading software, whether belonging to us, any of our Affiliates, you, any Exchange or Liquidity Provider, or any settlement or clearing system;
- act of God, war, terrorism, malicious damage, civil commotion, industrial acts;
- Exceptional Market Conditions;
- act of any governmental authority, agency or instrumentality or supranational body that, in our opinion, interferes or will reasonably be expected to interfere with the ordinary operations of the Products or Trading Platform ; or
- other event or circumstance which in our reasonable opinion prevents an orderly market in relation to any of your Orders.

If we determine that a Force Majeure Event exists or is likely about to exist, we may take any one or more of the discretions as set out in Section 15.1 ("General discretions").

If we determine that a Force Majeure Event exists or is likely about to exist, we will notify you as soon as reasonably practicable.

15.5 Hedging Disruption

A Hedging Disruption means circumstances where we are unable, after using commercially reasonable (but no greater) efforts:

- to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of any transaction or asset we deem necessary to hedge any risk related to or in connection with a relevant Transaction; or
- to realise, recover or remit the proceeds of any such transaction or asset.

If ForexCT determines that a Hedging Disruption has occurred, or may occur, including a Hedging Disruption which is a result of any actual or imminent delay, disruption, suspension, or reduction in any payment or settlement in respect of any transaction or asset ForexCT deems necessary to hedge its Transaction price risk, whether such Hedging Disruption arises directly or indirectly from the failure of a hedging counterparty to perform its obligations or otherwise, then you will

be liable to ForexCT for any increased costs or expenses resulting from such Hedging Disruption (including any costs of unwinding, establishing or re-establishing a hedge) and ForexCT may upon notification of such costs to you deduct them from your Account or demand payment of such costs directly from you.

If you fail to comply fully and by the required time with any such demand, this will constitute an Event of Default.

15.6 Event of Default

Each and any of the following events constitutes an Event of Default:

- you fail to comply fully and by the required time with any obligation to make any payment when due under the Customer Agreement or to make or take delivery of Margin or any other property or asset under or in connection with the Customer Agreement or any Transaction;
- we have reasonable grounds to believe that: (i) you are in breach of any covenant or agreement set out in the Customer Agreement or (ii) any representation or warranty made by you or otherwise with respect to or in connection with any Transaction, is or was untrue, false or misleading when made, repeated or deemed to be made or repeated;
- any action is taken or any event occurs, in each case which we believe might have an adverse effect upon your ability to perform any of your obligations under or in connection with the Customer Agreement or any Transaction;
- any circumstances that we believe in our sole and absolute discretion there may be a violation of the Applicable Legislation or good market practice;
- any circumstance where we believe that it is necessary or desirable to take any action to protect our position or the position of any of our clients from any risk we perceive;
- you fail to comply fully and by the required time with any demand made under section 16.7.6 ("Credit card chargebacks");
- you die or become of unsound mind; or
- where you become subject to an Insolvency Event.

If an Event of Default occurs we may, in our sole and absolute discretion and at any time, take one or more of the following actions without prior notice:

- void any open Order;
- treat any and all of your Transactions then outstanding as having been repudiated by you and close or part-close all or any of your Transactions at the Closing Price;
- exercise our rights of set-off pursuant to clause 28 of the Customer Agreement;

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- convert any cash balances on your Account into the Account Base Currency;
 - retain any cash, investments (including any interest or other payment payable thereon) or other assets due to you, and sell them without notice to you at such price and in such manner as we, acting reasonably, decide, applying the proceeds of sale and discharging the costs of sale and the sums secured under clause 25.2 of the Customer Agreement;
 - charge you interest on any money due, from close of business on the date when monies first fell due until the date of actual payment at a rate of 2% per calendar month on the total cumulative sum owing;
 - close your Account and refuse to accept any Orders or to enter into any further Transactions;
 - take or omit to take all such other actions as we may deem appropriate in our sole and absolute discretion; and
 - if you have failed to make a payment when due, we may inform your partner, employer, any professional, regulatory or other organisation with which you are associated or any person who we believe to have an interest in knowing such facts of the amount of such overdue sum, the circumstances thereof, the fact that you have failed to make payment, and any other relevant facts or information.

If we take any action under clause 25 of the Customer Agreement, unless in our sole and absolute discretion we consider it necessary or desirable to do so without prior notice to you, we will, where reasonably possible, take steps to advise you before exercising such rights. However, any failure on our part to take such steps will not invalidate the action taken by us under clause 25 of the Customer Agreement.

15.7 Suspensions and delistings

If an Exchange or an Underlying Instrument to which the Transaction relates is suspended, ForexCT may increase the Margin Requirement to the extent considered reasonably necessary by ForexCT in our sole and absolute discretion. If such Exchange or Underlying Instrument remains suspended for more than three Business Days, ForexCT may close the relevant Transaction at the Closing Price.

If an Exchange on which an Underlying Instrument is principally traded announces that pursuant to the rules of such Exchange an Underlying Instrument has ceased (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a take-over offer or Merger Event) and is not immediately re-listed, re-traded or re-quoted on a market or quotation system located in the same country as such Exchange, either the day on which such an event occurs, or (if earlier) the day on which such event is announced, we will close the relevant Transaction at the most recent price that was displayed for the Underlying Instrument,

prior to the suspension or cessation of trading in that Underlying Instrument.

If an Underlying Instrument is subject to regulatory or Exchange limitations then ForexCT may, in its reasonable discretion, close any relevant Transaction at the Closing Price.

15.8 Corporate Action

If a Corporate Action occurs we will reasonably determine what adjustment, if any, to be made to the Transaction to account for the dilutive or concentrative effect of any such event to preserve the economic equivalent of such Transaction immediately prior to the relevant event or to reflect the effect of such event on such Transaction. Any such adjustments will be effective as of a date reasonably determined by us.

ForexCT does not make dividend payments on Long or Short Share CFD Transactions. If you have a Short Share CFD Transaction open on the ex-dividend date, the declared cash dividend for the company will be debited from your Account Balance. The amount of the adjustment will depend on the amount equal to the gross dividend on the relevant number of Share CFDs on the ex-dividend date.

If an Underlying Instrument to which a Transaction relates is subject to a Merger Event, ForexCT reserves the right to close any or all affected Transactions at any time during the Merger Event or to adjust the opening price of such Transaction to reflect any cash portion of the offer or to amend the size to reflect any corresponding adjustment to the Underlying Instrument caused by the Merger Event and/or to close the affected Transaction and reopen a new Transaction reflecting the new Underlying Instrument that has been created. Any such adjustments will be effective as of a date reasonably determined by us.

If we determine that no adjustment could be made which would produce a commercially reasonable result, we may close your Transaction at the Closing Price on a date reasonably determined by us.

16. Other considerations

16.1 Assignment

You may not assign any of your rights or obligations under the Customer Agreement to any person without our prior written consent. You may not give a charge over any rights to deposits held by us. We may assign our rights or delegate any of our obligations under the Customer Agreement and any contracts to any person on giving not less than one month's written notice to you.

16.2 Clients may be treated differently

We may, in our discretion, treat clients differently in situations including but not limited to where we quote prices and apply Spreads, Rollover Adjustments, promotions, Margin Requirements and any other fee or cost.

16.3 Language services

You should note that English is the primary language in which our Products are offered to you and is the binding language of this PDS and all other contractual documents.

For your convenience, we may offer a Chinese language service. However, there may be occasions when you or we need to take action on your Account and a ForexCT representative who is fluent in Chinese is not available.

16.4 Sharing of commissions and other amounts

We may share the Spread, Rollover Adjustments and other charges, fees or other benefits with our Affiliates or other third parties or receive remuneration from them in respect of Transactions entered into by us with you.

We may also share such amounts with referrers for the introduction or referral of clients to ForexCT. Payment of such amounts and details of such remuneration or sharing will be disclosed according to any Applicable Legislation.

For the avoidance of doubt, if we share any amounts with third parties this will not result in any additional amount being payable by you.

16.5 Third party accounts

You must make sure that any cheques you draw, credit card or debit card payments or transfers of money are from an account in your name and not from an account of another party.

You agree and acknowledge that we may return any cheque drawn on, refund any credit card or debit card payment or transfer of money from, a third party account. We will not accept or bear any liability or responsibility whatsoever for any loss incurred by you as a result of, or arising in connection with, ForexCT returning any cheque drawn on, refund of any credit card or debit card payment or transfer of money from, a third party account, including any loss incurred by you because you are subsequently in default of your obligations under this PDS and the Customer Agreement.

16.6 Debts and rights of set-off

In some circumstances, ForexCT may allow you to open more than one Account.

Where you have opened more than one Account with us, we will treat your Accounts as aggregated for the purposes of satisfying your obligations to us to pay to us any amounts you may owe (e.g. brokerage and other charges). This means any credit balance, including money deposited as Margin, on one Account may be used to discharge any amounts in respect of another Account.

Please note that ForexCT does not aggregate Accounts for the purpose of satisfying Margin Requirements. For example, if you have one Account which is subject to a Margin Call and a second Account which has excess Margin sufficient to meet the Margin Call of the first Account, ForexCT will not aggregate the two Accounts in order so that the excess Margin in the second Account satisfies the Margin Call on the first Account.

Without limiting our other rights under the Customer Agreement, any amount payable by us (or any of our Affiliates) to you will, at our election and without prior notice to you, be set-off against any other amounts payable by you to us (or any of our Affiliates). For the purposes of setting-off under the Customer Agreement, we may convert any amount into any applicable currency using the relevant exchange rate at a rate reasonably determined by us.

16.7 Indemnity and liability**16.7.1 ForexCT not liable**

We shall not be liable to you or any person for any Loss (including any incidental, indirect or consequential Loss) whether arising out of negligence, breach of contract, misrepresentation or breach of statutory provision enforced at law, incurred or suffered by you under or in connection with the Customer Agreement, any Order or Transaction, the Trading Platform or any of our dealings with you (including any Order not accepted by us) and irrespective of whether or not you or any other person have been informed of the possibility of such Loss.

Without limiting the generality of the foregoing, under no circumstances will we be liable to you or any person for any loss of profits, loss of goodwill, loss of business opportunity or reputational damage.

16.7.2 ForexCT not liable for Authorised Person

We shall not be liable for any Loss suffered or incurred by you as a result of any error in any Order, instruction or information given by an Authorised Person, as a result of us acting on any Order or instruction which is, or appears to be, from such Authorised Person.

16.7.3 ForexCT not liable for the Trading Platform

ForexCT does not accept any liability in respect of the operation of our Trading Platform (including third party Trading Platforms), whether for any breach of a provision of any relevant legislation, negligence, injury, death, lost profits, loss of files, data or use, economic loss, loss of reputation or losses or damages incidental or consequential to the operation of our Trading Platform, except to the extent that it is caused by the gross negligence, fraud or dishonesty on the part of ForexCT or its employees, agents or representatives.

All warranties as to the description, quality, performance or fitness for the purposes of the client of the Trading Platform or any component of any such Trading Platform are disclaimed and excluded.

16.7.4 You indemnify ForexCT

You agree to fully indemnify ForexCT and its Affiliates (and in respect of each, their respective officers and employees) on demand against any and all liabilities, costs, claims, damages and expenses of any nature whatsoever which we or our Affiliates (or in respect of each, their respective officers and employees) may suffer or incur directly or indirectly (including those incurred to an Exchange, clearing house or other regulatory authority) as a result, or in connection with, or arising out of:

- the Customer Agreement and any other agreement between you and ForexCT or our Affiliates (and in respect of each, their respective officers and employees);
- any Transaction effected with you or on instructions by you or an Authorised Person,
- any breach by you of your obligations under the Customer Agreement or any Transaction;
- any representation or warranty by you or an Authorised Person proving to be incorrect in any material respect, as determined by us at our sole and absolute discretion, when made or repeated, or deemed to have been made or repeated;
- any credit card or debit card chargeback by you or any equivalent disputed transaction; and
- any claims, actions, proceedings or investigations arising out of or in connection with the Customer Agreement or any Transaction.

16.7.5 No warranty provided

No warranty is provided by ForexCT or any of its authorised officers, employees and agents regarding the performance of our Trading Platform or Website or for the accuracy of any information sourced from third parties or otherwise. All information provided by ForexCT to you is for your private use and is not to be communicated to any third party without the prior written consent of ForexCT.

16.7.6 Credit card or debit card chargebacks

Any credit card or debit card chargeback by you represents an immediate liability from you to us for any such amount and we shall be entitled to otherwise recover from you by any means the full amount of such chargeback and associated costs.

If we consider in good faith that there is a high risk of a credit card or debit card chargeback from you, you shall on demand by us put such funds into your Account as we shall require to cover such risk. If you fail to comply fully and by the required time with any such demand, this will constitute an Event of Default.

16.8 Authorised Persons

It is possible for a third party to place orders on your behalf provided a written Power of Attorney form to that effect has been received and accepted by us. With respect to Joint Accounts, any one Joint Account holder can validly complete such a form appointing an Authorised Person to the Joint Account.

We are entitled to act on the written or oral instructions of any Authorised Person or any person who appears to us to be an Authorised Person, notwithstanding that the person is not, in fact, so authorised. In particular, we are entitled to act on any orders or instructions transmitted using your login or password.

You agree to indemnify us against all Losses which we may suffer as a result of any error in any Order or instruction given by an Authorised Person or our acting on any Order or instruction which is, or appears to be, from an Authorised Person.

16.9 Joint Accounts

If you are a Joint Account holder:

- the liabilities of each person under the Joint Account will be joint and several;
- we may act on instructions received from any one person under the Joint Account who is, or appears to us to be, such a person or Authorised Person;
- any notice or other communication given by us to one person under the Joint Account will be deemed to have been given to all persons under the Joint Account; and

- our rights under default will apply if an Event of Default or Potential Event of Default has been deemed to have occurred in respect of any one person under a Joint Account.

16.10 Rights and remedies

Our rights and remedies contained in the Customer Agreement are cumulative and not exclusive of any rights or remedies provided by law.

Nothing in this PDS is intended to confer on any person other than you or ForexCT any right to enforce any term of the Customer Agreement.

No delay, waiver or omission on our part in exercising any right, power or remedy provided by law, under the Customer Agreement or under this PDS, or partial or defective exercise thereof, will impair or prevent further or other exercise of such right, power or remedy, or operate as a waiver of such right, power or remedy.

If we agree to waive a term of the Customer Agreement, this will not be construed as waiver of a future breach of the same term, unless agreed by us in writing.

16.11 Notices

Subject to other sections of this PDS, any notice or other communication given or made under or in connection with the matters contemplated by this PDS will, except where oral communication is expressly provided for, be in writing and will be sent to you/us.

Any such notice will be deemed to have been received if:

- delivered in person to you or left at your last known home or work address;
- sent or given by leaving a message on a telephone answering machine message or voice mail system, one hour after the message was so left;
- sent or given by express post or overnight courier, in the ordinary course of the post or such overnight courier and in any event on the next day (or the third day in the case of international air mail) after posting (excluding Sundays and public holidays);
- sent or given by email, one hour after sending, provided no “not sent” or “not received” message is received from the relevant email provider;
- sent by SMS text, one hour after sending; or
- sent in a message on our Website or Trading Platform, one hour after we have posted it.

You may alter the address (including the email address) to which we send communications to you by giving us written notice. However, such alteration will only be effective on the later of the date specified in the notice and the time it was deemed to be received under this section.

You agree and acknowledge that you are solely responsible for ensuring we have your current address, phone number and email address.

16.12 Telephone recording

ForexCT may record telephone calls with you and such recordings shall be the sole property of ForexCT. By entering into the Customer Agreement, you agree to ForexCT recording all such telephone conversations.

16.13 Superannuation funds

Complying superannuation funds must seek advice from their financial or legal adviser to ensure the superannuation fund is authorised to trade in the Products.

ForexCT is not responsible for any superannuation fund that is not authorised to trade the Products.

16.14 Jurisdiction

The law governing all dealings with us is the law of Victoria, Australia.

16.15 Foreign jurisdiction

The distribution of this PDS (and any related documents) in jurisdictions outside Australia may be restricted by law and therefore persons in jurisdictions outside Australia into whose possession this PDS (and any related documents) comes should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate those laws. This PDS does not constitute an offer or invitation in relation to the Products in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

16.16 Illegality

If at any time any term of the Customer Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining terms of the Customer Agreement under the law of that jurisdiction nor under the law of any other jurisdiction will be in any way affected.

16.17 Legal and regulatory requirements

Despite any term of the Customer Agreement, in providing our services we will be entitled to take any action we consider necessary in our sole and absolute discretion to ensure compliance with the law.

By trading the Products, you agree to strictly comply with all Applicable Legislation relevant to

you. If we reasonably consider you have not done so, we may terminate any contract with you immediately or withhold payment of any amount to you without notice.

16.18 Unsolicited calls

You authorise us to telephone or otherwise contact you at any time whatsoever in order to discuss any aspect of your Account.

16.19 No cooling-off

The cooling-off provisions of the Corporations Act do not apply to Orders or Transactions.

16.20 Labour standards and environmental, social and ethical considerations

We do not take labour standards, or environmental, social or ethical considerations into account when offering the Products.

17. Glossary

In this PDS the singular includes the plural and vice versa.

The following terms shall have the following meanings:

\$	means Australian dollars unless otherwise stated;
Account	means the trading account you open with ForexCT to trade the Products;
Account Base Currency	means the currency in which your Account is denominated;
Account Equity	has the meaning set out in Section 5.5.1;
Account Status	has the meaning set out in Section 5.5;
Advisor	Has the meaning set out in Section 9.5;
Advisor Payments	has the meaning set out in Section 9.5;
Affiliate	means any related body corporate as defined in the Corporations Act;
AFSL	means Australian Financial Services Licence;
AML/CTF Act	means the <i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006</i> ;
APP	means the Australian Privacy Principles contained in Schedule 1 of the <i>Privacy Act 1988</i> (Cth);
Applicable Legislation	means the Corporations Act and the regulations made under it and all applicable financial services laws including the rules of any relevant regulatory authority or Exchange;
Application Form	means the electronic or paper form completed in order to open an Account;
ASIC	means the Australian Securities & Investments Commission or any regulatory body which replaces it or performs its functions;
Ask Price	means the price at which you can buy Underlying Instruments to open or close a Transaction and is always the higher of the two prices Quoted;
AUSTRAC	means Australian Transaction Reports and Analysis Centre;

Australian Client Money Rules	means the provisions of Part 7.8 of the Corporations Act and the regulations made under those provisions that specify the manner in which financial services licensees are to deal with client money and property;
Authorised Person	means a person you authorise to give instructions to ForexCT on your behalf and identified by completing a written power of attorney form which has been received and approved by ForexCT;
Automatic Closeout	has the meaning set out in Section 6.3;
Available Line	has the meaning set out in Section 5.5.3;
Balance	has the meaning set out in Section 5.5.7;
Base Currency	means the first currency in a currency pair (i.e. the one to the left);
Bid Price	means the price at which you can sell Underlying Instruments to open or close a Transaction and is always the lowest of the two prices Quoted;
Bonus	has the meaning set out in Section 5.5.9;
Business Day	means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Melbourne, Australia;
CFD	means a contract for difference and is a contract between you and us where we agree to exchange the difference in cash between the opening and the closing value of the Transaction;
Charts	means a graphical representation of historical Product prices and other information used to conduct technical analysis;
Client Money	has the meaning set out in Section 10.1;
Closed P&L	means any profit or loss (as appropriate) that is realised upon the closure or expiry of a Transaction;
Closing Price	means in respect of a Transaction being closed-out, the first price available for a Market Order at the relevant time for the relevant Underlying Instrument as determined by ForexCT in our sole and absolute discretion, provided that in respect of a Stop Loss or Guaranteed Stop Loss Order, such price shall not be worse than the specified target price for that Stop Loss or Guaranteed Stop Loss Order;
Commodity CFDs (Futures)	has the meaning set out in Section 7.1.3;

Common Spread	Means the spread which ForexCT uses to calculate the Spread Value on any opened position during a Month and can be found at www.forexct.com.au/pdf/CommonSpreads.pdf ;
Corporate Action	means any dividend, bonus issue, restructure, reclassification, cancellation, distribution, rights issue, or stock split in respect of an Underlying Instrument and any other event in respect of an Underlying Instrument analogous or otherwise having a dilutive or concentrative effect on the market value of the Underlying Instrument, whether temporary or otherwise;
Corporations Act	means the <i>Corporations Act 2001</i> (Cth);
Credit	has the meaning set out in Section 5.5.8;
Critical News Release	means a news release, economic or otherwise, that we determine in our absolute discretion is likely to significantly affect the Market Rate of an Underlying Instrument;
Customer Agreement	means terms and conditions which govern the services and products provided by ForexCT to its clients;
Dealer	means an employee or officer of ForexCT who is able and qualified to accept Orders and enter into Transactions;
Demo Account	means a demonstration account that allows clients to review and test the features of the Trading Platform in a virtual environment and place Transactions with virtual cash;
Entry Order	has the meaning set out in Section 7.4.2;
Event of Default	has the meaning set out in Section 15.6;
Exceptional Market Conditions	means the suspension, closure, liquidation, imposition of limits, special or unusual terms, excessive movement, volatility or loss of liquidity in any relevant market, Exchange, Liquidity Provider or Underlying Instrument, or where ForexCT anticipates any of the above circumstances are about to occur;
Exchange	has the same meaning as 'financial market' under section 767A of the Corporations Act and includes any futures, derivatives or stock exchange or other organised market for Transactions in financial products whether or not licensed or approved;
Expert Advisor	also referred to as "EAs" , means a third party program that allows automation of the analytical and trading processes in the MT4 Trading

	Platform and can completely automate trading strategies on a client's behalf;
Expiry Date	means the expiry date and time of a Futures Transaction as set out in the Website or Trading Platform and where such date is not a Business Day it will be the Business Day immediately preceding the Expiry Date unless otherwise specified on the Website or Trading Platform;
Exposure	has the meaning set out in Section 5.5.2;
FSG	means the financial services guide available at www.forexct.com.au , prepared by ForexCT, as amended from time to time;
Financial Ombudsman Service	means the Financial Ombudsman Service Limited;
Force Majeure Event	has the meaning set out in Section 15.4;
FTD	means a first time deposit in the client segregated account, where: (a) deposits made within 3 Business Days of the first deposit shall be deemed to be an FTD; and (b) the aggregate total value of the deposit(s) is \$500 or greater.
FTD Advisor Fee	has the meaning set out in Section 9.5.1;
Fully Hedged Transaction	has the meaning set out in Section 6.2.3;
Futures Transaction	means a Transaction which has a set contract period that expires automatically;
GMT	means Greenwich mean time;
Good until Cancelled	has the meaning set out Section 7.6.1;
Good until Value	has the meaning as set out in Section 7.6.2;
Guaranteed Stop Loss Order	means a Stop Loss Order where the execution is guaranteed as set out in Section 7.7.2;
Hedge Counterparty	means a party with whom ForexCT uses to offset some or all of its counterparty risk;

Hedged Transaction	has the meaning set out in Section 6.2.3;
Hedging Disruption	has the meaning as set out in Section 15.5;
IB Advisor Payment	has the meaning set out in Section 9.5;
Index CFDs (Futures)	has the meaning set out in Section 7.1.5;
Initial Margin	has the meaning set out in Section 6.2;
Insolvency Event	<p>means for any party that is a body corporate, the happening of one or more of the following events:</p> <ul style="list-style-type: none"> (a) process is filed in a court seeking an order that it be wound up, unless the application is withdrawn, struck out or dismissed within seven days of it being filed; (b) a liquidator, provisional liquidator or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertakings; (c) an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other steps are taken to appoint an administrator to it; (d) it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition; (e) any action is taken by the ASIC with a view to its deregistration or its dissolution, or an application is made to the ASIC that any such action be taken; (f) it is insolvent within the meaning of section 95A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any Applicable Legislation; (g) as a result of the operation of section 459F(1) of the Corporations Act, it is taken to have failed to comply with a statutory demand; (h) it stops or suspends or threatens to stop or suspend the payment of all or a class of its debts or the conduct of all or a substantial part of its business; (i) any event or circumstance set out in section 461 of the

	Corporations Act occurs in relation to it; or
	(j) anything having a substantially similar effect to any of the events specified in paragraphs (a) to (i) under the law of any jurisdiction.
Introducing Broker	means a third party which is remunerated by ForexCT for the referral of clients to ForexCT;
Joint Account	means an Account which has more than one member;
Last Trading Day	means the last time and date prior to the Expiry Date that you can close a Futures Transaction. If the Last Trading Day is not a Business Day, then the immediately prior Business Day will be treated as the Last Trading Day;
Liquidity Provider	means a bank or other financial institution or third party that provides to ForexCT executable two-way quotes in respect of relevant Underlying Instruments to which the Products relate on a continuous and regular basis;
Long	means taking a buy position on a Product;
Loss	means any loss, cost, claim, damages (whether compensatory, exemplary or punitive) or expenses, including fees and expenses of legal counsel;
Manifest Error	has the meaning set out in Section 15.3;
Margin	means the amount of cash or cash equivalent collateral we require at any given time to open and maintain a Transaction;
Margin Percentage	has the meaning set out in Section 5.5.11;
Margin Call	means a notice we may send to you, to notify you that additional funds may be required to be deposited into your Account to satisfy your ongoing Margin Requirements;
Margin FX	means a Transaction that gives exposure to the changes in the value of an exchange rate;
Margin Requirement	means the Initial Margin and Variation Margin;
Market Order	has the meaning set out in Section 7.4.1;
Market Rate	means the current Bid Price or Ask Price (as the case may be);
Merger Event	means in respect of any Underlying Instrument: <ul style="list-style-type: none"> (a) reclassification or change of such Underlying Instrument that results in

- a transfer of or an irrevocable commitment to transfer all of such Underlying Instrument outstanding to another entity or person;
- (b) consolidation, amalgamation, merger or binding share exchange of the issuer of the Underlying Instrument with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in a reclassification or change of all of such Underlying Instrument outstanding); or
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Underlying Instrument of the issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Instrument (other than such Underlying Instrument owned or controlled by such other entity or person).

Month	means calendar month;
Negative Balance Protection	has the meaning set out in Section 6.4;
Negative Open P&L	means Open P&L which is negative i.e. in loss;
Net Deposit	means a client's total deposit value less total withdrawal value during a Month, excluding any FTDs;
Net Deposit Advisor Fee	has the meaning set out in Section 9.5.2;
Office Hours	means the office hours as notified to you from time to time;
OCO Order	has the meaning set out in Section 7.4.5;
Open P&L	means, at any given time, the Closed P&L (as the case may be) that would be incurred by you on a Transaction if it were to be closed at that time;
Open Rate	means the Market Rate at which a Transaction is executed;
Order	means an instruction by you to either open or close a Transaction and may include (without limitation) a Market Order, Entry Order, Stop Loss Order, Guaranteed Stop Loss Order, Take Profit Order or OCO Order;
Order Rate	means the price that you specify in your Entry Order;
Partially Hedged Transaction	has the meaning set out in Section 6.2.3;

PDS	means this product disclosure statement prepared by ForexCT, as amended from time to time;
Positive Open P&L	means Open P&L which is positive i.e. in profit;
Potential Event of Default	means any event which may become (with the passage of time, the giving of notice, the making of any determination hereunder or any combination thereof) an Event of Default;
Privacy Policy	means our privacy policy available at our Website;
Products	refers to each type of Margin FX and CFD product that ForexCT offers from time to time as set out on the Website or Trading Platform or as otherwise notified to you;
Quote	means the Bid Price or the Ask Price (as the case may be) quoted by ForexCT for each Product;
Quote Currency	means the second currency of a currency pair (i.e. the one to the right);
RG 227	means ASIC Regulatory Guide 227 <i>Over-the-counter contracts for difference: Improving disclosure for retail investors</i> as amended from time to time.
Rollover Adjustment	means the financing adjustment made to your Account in accordance with Section 9.2;
Rollover Rate	means the rate which the Rollover Adjustment is based upon;
Scalping	means opening and closing a profitable Transaction within a 2 minute timeframe (closing a Transaction in loss within the 2 minute timeframe does not constitute scalping) and includes opening a hedged trade within the 2 minute timeframe;
Script	means a program which is intended to perform a single action on MT4, unlike an indicator or EA that works continually;
Share CFDs	has the meaning set out in Section 7.1.3;
Short	means taking a sell position on a Product;
SL Rate	refers to the stop loss rate which means the price that you specify in your Stop Loss Order;
Spot Metal CFDs	has the meaning set out in Section 7.1.2;

Spread	has the meaning set out in Section 9.1;
Spread Value	means the initial cost to a client for opening a trade and is calculated as set out in Section 9.5.3;
Stop Loss Order	means an instruction by you to close a Transaction at SL Rate, being a rate which is less advantageous than the relevant Transaction's Open Rate;
Take Profit Order	means an instruction by you to close a Transaction at the TP Rate, being a rate which is more advantageous than the relevant Transaction's Open Rate;
Trading Platform	means the online electronic trading platform that ForexCT makes available to clients via the internet or otherwise to facilitate trading the Products, including without limitation, any online or downloadable trading platform and application for a mobile device;
TP Rate	refers to the take profit rate which means the price that you specify in your Take Profit Order;
Trading Hours	means the trading hours for each Product listed on the Website or Trading Platform or as otherwise notified to you;
Transaction	means a transaction in a Product and includes Futures Transactions (as the context requires), unless otherwise stated;
Transaction Advisor Payment	has the meaning set out in Section 9.5.3;
Underlying Instrument	means a financial instrument that forms the subject of a Transaction and is generally quoted on an Exchange or, in the case of some financial instruments, quoted by a Liquidity Provider;
Usable Margin	has the meaning set out in Section 5.5.5;
Used Margin	has the meaning set out in Section 5.5.4;
Variation Margin	has the meaning set out in Section 6.2;
Website	means our internet website www.forexct.com.au and any other website that may be notified to you as our website from time to time; and
Withdrawable Equity	has the meaning set out in Section 5.5.10.

Schedule 1

MT4

1.0 What is MT4?

MetaTrader 4 or MT4, is a Trading Platform owned by an unrelated third-party called MetaQuotes Software Corp (“**MetaQuotes**”). It uses a range of advanced trading tools and charting functions. To use MT4 with ForexCT’s prices and trade execution, you first need to open a ForexCT Account and then download and install the MT4 Trading Platform on your PC.

1.1 MT4 Account

Your MT4 Account is an entirely separate Account from your PROfit Account. You can open an MT4 Account from www.forexct.com.au and access it from MetaQuotes’ downloadable platform, the Sirix Web Trader platform (“**Sirix**”) or MetaQuotes’ mobile application. You should be aware that each of these may have different capabilities. You may be able to perform certain functions or access certain information on the downloadable platform that you cannot perform or access in Sirix and/or the mobile application. You should familiarise yourself with these platforms and understand their capabilities and limitations.

MT4 is used solely for performing Transactions and technical analysis. If you wish to deposit or withdraw funds, then then you must do this directly from our Website.

1.2 Viewing your open Transactions in MT4

All open Transactions on MT4 can be viewed via the “Trade” tab on the Trading Platform. You can manage or update your Transactions directly from this window. You will not be able to view your open Transactions on MT4 from the PROfit Trading Platform.

1.3 Viewing your Account history and closed Transactions in MT4

You can view your MT4 Account history and closed positions via the “Account History” tab on the Trading Platform. You can also generate a detailed Account statement from the same tab.

1.4 Automated trading using Expert Advisors (EAs) and Scripts

MT4 may allow you to create and implement third party EAs and Scripts.

1.4.1 No warranty provided for use of EAs and Scripts

ForexCT and its related entities do not warrant the accuracy, timeliness or completeness of any EA or Script and shall not be responsible or liable for any loss, cost, claim, damages (whether compensatory, exemplary or punitive) or expenses including,

without limitation, consequential, unforeseeable, special or indirect damages or expense which may arise directly or indirectly from any use or reliance on an EA or Script.

ForexCT gives no warranties, representations or guarantees as to the merchantability, fitness for any particular purpose or otherwise with respect to using EAs or Scripts on MT4.

Adverse results of using EAs and Scripts on MT4, which could be the result of hardware, software or communication link inadequacies or other causes, could involve, for example, failures, delays, malfunction, software erosion or permanent hardware damage to your own computer equipment. Such results could lead to possible economic and/or data loss.

1.4.2 EAs and Scripts are not advice

EAs and Scripts are not intended as advice and we do not endorse or approve them. EAs and Scripts are not to be considered “research” nor are they to be treated as any form of recommendation. We may give you the ability to create EAs and Scripts on MT4 and implement third party EAs and Scripts as a service for your convenience.

1.4.3 ForexCT not liable

ForexCT will not be liable in respect of any loss, cost, claim, damages (whether compensatory, exemplary or punitive) or expenses including, without limitation, consequential, unforeseeable, special or indirect damages or expense which you might incur as a result of or arising out of either accessing and using or being unable to access EAs or Scripts on MT4.

1.4.4 Use of Virtual Private Server

You should note that EAs and Scripts may stop running on MT4 when you log out of MT4 or log off your computer unless you have a Virtual Private Server. However, even with the use of a Virtual Private Server, it is still possible that technical failures, delays or malfunctions may mean an EA and/or Script stops running, even though you are logged in. ForexCT will not be liable in respect of any loss, cost, claim, damages (whether compensatory, exemplary or punitive) or expenses including, without limitation, consequential, unforeseeable, special or indirect damages or expense which you might incur as a result of you not being logged into MT4 and EAs or Scripts not triggering or being logged into a Virtual Private Server and EAs or Scripts not triggering.

1.4.5 Use of trading signals and strategies

ForexCT makes no guarantee, implied or otherwise, as to the EAs and Scripts provided on MT4, on any third-party website or any that you may create yourself. As such, **use of such EA systems, third-party signals and strategies is at your own risk**. You acknowledge and agree that ForexCT is not responsible for any shortcomings, Trading Platform errors, omissions, misrepresentations, or any wrongdoing on the part of such EAs or Scripts, auto-trading systems or third-party trading signals and strategies. ForexCT recommends that you carefully consider the risks associated with using EAs or Scripts, auto-trading systems or third-party trading signals and that you fully understand how they work before you begin creating or following them. ForexCT has not undertaken to verify the completeness or accuracy of any EAs or Scripts, auto-trading systems or third-party trading signals. As a term and condition of your use of MT4, you expressly hold ForexCT harmless and waive any claim you have or may have as a result of any of the information and statistics provided in EAs or Scripts, auto-trading systems or third-party trading signal providers.

1.4.6 Hypothetical trading disclaimer

EA and Script performance results may have inherent limitations. ForexCT makes no representation that you will achieve or that you are likely to generate profits or losses similar to those shown on MT4 or any website or otherwise. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by using EAs or Scripts.

One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular strategy or program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading strategy or program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

1.4.6 Compatibility with Trading Platform definitions ForexCT's Customer Agreement

Certain EAs or Scripts may not be compatible with ForexCT's Trading Platform definitions and/or Customer Agreement. This may mean that your EA or Script cannot run on our system as intended. You should carefully review our Customer Agreement and PDS to ensure that this is not the case. It is important to understand that EAs or

Scripts being successfully used with another margin foreign exchange and CFD provider may not necessarily work or function properly on ForexCT's MT4 Trading Platform. ForexCT will not be liable in respect of any loss, cost, claim, damages (whether compensatory, exemplary or punitive) or expenses including, without limitation, consequential, unforeseeable, special or indirect damages or expense which you might incur as a result EAs or Scripts not triggering or working as intended due to them being incompatible with our Trading Platform definitions or otherwise.

1.4.7 Disputes arising out of use of EAs or Scripts

In the event that there is a dispute arising through the use of an EA or Script created by a third party, you should raise this with the author of the EA or Script.

1.5 Execution differences between PROfit and MT4

There are a number of important differences between the execution of Transactions and Orders on MT4 compared to PROfit:

1.5.1 Requotes

When executing a Transaction or Order on MT4, if the Quote moves as you place an order, you may be requoted. This means that your Order or Transaction may not be executed at the Quote you requested.

1.5.2 Transaction sizes

There may be differences between the minimum and maximum Transaction sizes on MT4 and PROfit.

1.5.3 Spreads

There may be differences between the Spreads for some Products on MT4 compared to PROfit.

1.5.4 Products

There may be differences between the Products which are available on MT4 compared to PROfit.

1.5.5 Minimum and maximum distances for Orders

There may be differences between the minimum and maximum distances for Orders on MT4 compared to PROfit.

1.5.6 Trailing Stop Loss Order

MT4 gives you the ability to input a trailing Stop Loss Order. A trailing Stop Loss Order adjusts the Stop Loss Order price at a fixed percent or number of points below or above the Quote of the Product.

You should be aware that MT4's trailing Stop Loss Orders are held locally on your MT4 platform, not ForexCT's servers. This means that you need to be connected to your MT4 Account in order for them to activate and adjust your Stop Loss Order.

This should not be treated as an exhaustive list of differences between MT4 and PROfit. You should carefully research both Trading Platforms before you open an Account to understand any differences and how they work. For more information regarding any of the differences above, you should contact us.

Schedule 2

Examples of how to make a profit or loss trading different Products

1.0 Spot Metal CFDs

The examples below show how you can make a profit and loss by going Long and Short on a Spot Metal CFD Transaction. Let's assume that you just opened an Account and deposited \$5,000 and placed the following trades.

Example 1.0: Example of going Long and making a profit with a Spot Metal CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Gold Quote: 1175.40/1175.90 Direction: Long Size: 100 ounces	Leverage: 1:200 (i.e. 0.5% or 0.005) 100 ounces x 1175.90 x 0.005 = US\$587.95 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$587.95 / 0.7780 = \$755.71	Initial Margin	\$755.71
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 1175.90 Market Rate: 1175.40 ((1175.40 – 1175.90) x 100) = -US\$50 In Australian dollars: -US\$50 / 0.7780 = -\$64.26	Negative Open P&L	-\$64.26

Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \64.26 $= \$4,935.74$	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 1180.90. You decide to close the Transaction in profit.	Open Rate: 1175.90 Close Rate: 1180.90 $((1180.90 - 1175.90) \times 100)$ $= \text{US}\$500$ Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: $\text{US}\$500 / 0.7800$ $= \$641.02$	Closed P&L	\$641.02
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \641.02 $= \$5,641.02$	New Account Equity & Usable Margin	\$5,641.02

In Example 1.0, you opened a Long Transaction and closed at a Quote higher than the Open Rate. Example 1.1 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Long Transaction and close at a lower Quote.

Example 1.1: Example of going Long and making a loss with a Spot Metal CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

<p>You open the following Transaction:</p> <p>Product: Gold</p> <p>Quote: 1175.40/1175.90</p> <p>Direction: Long</p> <p>Size: 100 ounces</p>	<p>Leverage: 1:200 (i.e. 0.5% or 0.005)</p> <p>100 ounces x 1175.90 x 0.005</p> <p>= US\$587.95</p> <p>Let's assume the AUD/USD Quote at the time was 0.7780.</p> <p>Therefore Initial Margin in Australian dollars is:</p> <p>US\$587.95 / 0.7780</p> <p>= \$755.71</p>	<p>Initial Margin</p>	<p>\$755.71</p>
<p>You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.</p>	<p>Open Rate: 1175.90</p> <p>Market Rate: 1175.40</p> <p>((1175.40 – 1175.90) x 100))</p> <p>= -US\$50</p> <p>In Australian dollars:</p> <p>-US\$50 / 0.7780</p> <p>= -\$64.26</p>	<p>Negative Open P&L</p>	<p>-\$64.26</p>
<p>Your Account Equity has reduced after you opened the Transaction.</p>	<p>\$5,000 – \$64.26</p> <p>= \$4,935.74</p>	<p>New Account Equity</p>	<p>\$4,935.74</p>
<p>Step 3: Closing a Transaction</p>	<p>Calculation</p>	<p>Account Status</p>	
<p>On the same day that you opened the Transaction, the Market Rate decreased to 1170.90. You decide to close the Transaction in loss.</p>	<p>Open Rate: 1175.90</p> <p>Close Rate: 1170.90</p> <p>((1170.90 – 1175.90) x 100)</p> <p>= -US\$500</p> <p>Let's assume the AUD/USD Quote at the time changed to 0.7800.</p> <p>Therefore in Australian dollars:</p> <p>-US\$500 / 0.7800</p>	<p>Closed P&L</p>	<p>-\$641.02</p>

	= -\$641.02		
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	$\$5,000 - \641.02 = \$4,358.98	New Account Equity & Usable Margin	\$4,358.98

Example 1.2 illustrates what happens if you open a Short Transaction and close at a lesser Quote than the Open Rate.

Example 1.2: Example of going Short and making a profit with a Spot Metal CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Gold Quote: 1175.40/1175.90 Direction: Short Size: 100 ounces	Leverage: 1:200 (i.e. 0.5% or 0.005) $100 \text{ ounces} \times 1175.40 \times 0.005$ = US\$587.70 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: $\text{US\$}587.70 / 0.7780$ = \$755.39	Initial Margin	\$755.39
You open the Transaction at the Bid Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 1175.40 Market Rate: 1175.90 $((1175.40 - 1175.90) \times 100)$ = -US\$50 In Australian dollars: $-\text{US\$}50 / 0.7780$	Negative Open P&L	-\$64.26

	= -\$64.26		
Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 1170.40. You decide to close the Transaction in profit.	Open Rate: 1175.40 Close Rate: 1170.40 $((1175.40 - 1170.40) \times 100)$ = US\$500 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: $US\$500 / 0.7800$ = \$641.02	Closed P&L	\$641.02
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \641.02 = \$5,641.02	New Account Equity & Usable Margin	\$5,641.02

In Example 1.2, you opened a Short Transaction and closed at a Quote lower than the Open Rate. Example 1.3 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Short Transaction and close at a higher Quote.

Example 1.3: Example of going Short and making a loss with a Spot Metal CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

<p>You open the following Transaction:</p> <p>Product: Gold</p> <p>Quote: 1175.40/1175.90</p> <p>Direction: Short</p> <p>Size: 100 ounces</p>	<p>Leverage: 1:200 (i.e. 0.5% or 0.005)</p> <p>100 ounces x 1175.40 x 0.005</p> <p>= US\$587.70</p> <p>Let's assume the AUD/USD Quote at the time was 0.7780.</p> <p>Therefore Initial Margin in Australian dollars is:</p> <p>US\$587.70 / 0.7780</p> <p>= \$755.39</p>	<p>Initial Margin</p>	<p>\$755.39</p>
<p>You open the Transaction at the Bid Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.</p>	<p>Open Rate: 1175.40</p> <p>Market Rate: 1175.90</p> <p>$((1175.40 - 1175.90) \times 100)$</p> <p>= -US\$50</p> <p>In Australian dollars:</p> <p>-US\$50 / 0.7780</p> <p>= -\$64.26</p>	<p>Negative Open P&L</p>	<p>-\$64.26</p>
<p>Your Account Equity has reduced after you opened the Transaction.</p>	<p>\$5,000 – \$64.26</p> <p>= \$4,935.74</p>	<p>New Account Equity</p>	<p>\$4,935.74</p>
<p>Step 3: Closing a Transaction</p>	<p>Calculation</p>	<p>Account Status</p>	
<p>On the same day that you opened the Transaction, the Market Rate increased to 1180.40. You decide to close the Transaction in loss.</p>	<p>Open Rate: 1175.40</p> <p>Close Rate: 1180.40</p> <p>$((1175.40 - 1180.40) \times 100)$</p> <p>= -US\$500</p> <p>Let's assume the AUD/USD Quote at the time changed to 0.7800.</p> <p>Therefore in Australian dollars:</p> <p>-US\$500 / 0.7800</p>	<p>Closed P&L</p>	<p>-\$641.02</p>

	= -\$641.02		
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	\$5,000 - \$641.02 = \$4,358.98	New Account Equity & Usable Margin	\$4,358.98

You should be aware that the examples above do not take into account any potential Advisor Payments.

2.0 Share CFDs

The examples below show how you can make a profit and loss by going Long and Short on a Share CFD Transaction. Let's assume that you just opened an Account and deposited \$5,000 and placed the following trades.

Example 2.0: Example of going Long and making a profit with a Share CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: XYZ Ltd Quote: 10.50/10.55 Direction: Long Size: 1000 shares	Leverage: 1:10 (i.e. 10% or 0.1) 1000 shares x 10.55 x 0.1 = US\$1,055 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$1,055 / 0.7780 = \$1,356.04	Initial Margin	\$1,356.04
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to	Open Rate: 10.55 Market Rate: 10.50	Negative Open P&L	-\$64.26

the Spread.	$((10.50 - 10.55) \times 1000)$ = -US\$50 In Australian dollars: $-US\$50 / 0.7780$ = -\$64.26		
Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 11.55. You decide to close the Transaction in profit.	Open Rate: 10.55 Close Rate: 11.55 $((11.55 - 10.55) \times 1000)$ = US\$1,000 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: $US\$1,000 / 0.7800$ = \$1,282.05	Closed P&L	\$1,282.05
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \$1,282.05$ = \$6,282.05	New Account Equity & Usable Margin	\$6,282.05

In Example 2.0, you opened a Long Transaction and closed at a Quote higher than the Open Rate. Example 2.1 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Long Transaction and close at a lower Quote.

Example 2.1: Example of going Long and making a loss with a Share CFD

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of	n/a	Usable Margin	\$5,000

\$5,000 is made. There is no Initial Margin requirement.			
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: XYZ Ltd Quote: 10.50/10.55 Direction: Long Size: 1000 shares	Leverage: 1:10 (i.e. 10% or 0.1) 1000 shares x 10.55 x 0.1 = US\$1,055 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$1,055 / 0.7780 = \$1,356.04	Initial Margin	\$1,356.04
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 10.55 Market Rate: 10.50 ((10.50 – 10.55) x 1000) = -US\$50 In Australian dollars: -US\$50 / 0.7780 = -\$64.26	Negative Open P&L	-\$64.26
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 9.55. You decide to close the Transaction in loss.	Open Rate: 10.55 Close Rate: 9.55 ((9.55 – 10.55) x 1000) = -US\$1,000 Let's assume the AUD/USD Quote at the time changed to 0.7800.	Closed P&L	-\$1,282.05

	Therefore in Australian dollars: -US\$1,000 / 0.7800 = -\$1,282.05		
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	\$5,000 – \$1,282.05 = \$3,717.95	New Account Equity & Usable Margin	\$3,717.95

Example 2.2 illustrates what happens if you open a Short Transaction and close at a lesser Quote than the Open Rate.

Example 2.2: Example of going Short and making a profit with a Share CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: XYZ Ltd Quote: 10.50/10.55 Direction: Short Size: 1000 shares	Leverage: 1:10 (i.e. 10% or 0.1) 1000 shares x 10.50 x 0.1 = US\$1,050 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$1,050 / 0.7780 = \$1,349.61	Initial Margin	\$1,349.61
You open the Transaction at the Bid Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 10.50 Market Rate: 10.55 ((10.50 – 10.55) x 1000) = -US\$50	Negative Open P&L	-\$64.26

	In Australian dollars: -US\$50 / 0.7780 = -\$64.26		
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 9.50. You decide to close the Transaction in profit.	Open Rate: 10.50 Close Rate: 9.50 $((10.50 - 9.50) \times 1000)$ = US\$1,000 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: US\$1,000 / 0.7800 = \$1,282.05	Closed P&L	\$1,282.05
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 + \$1,282.05 = \$6,282.05	New Account Equity & Usable Margin	\$6,282.05

In Example 2.2, you opened a Short Transaction and closed at a Quote lower than the Open Rate. Example 2.3 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Short Transaction and close at a higher Quote.

Example 2.3: Example of going Short and making a loss with a Share CFD

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

<p>You open the following Transaction:</p> <p>Product: XYZ Ltd</p> <p>Quote: 10.50/10.55</p> <p>Direction: Short</p> <p>Size: 1000 shares</p>	<p>Leverage: 1:10 (i.e. 10% or 0.1)</p> <p>1000 shares x 10.50 x 0.1</p> <p>= US\$1,050</p> <p>Let's assume the AUD/USD Quote at the time was 0.7780.</p> <p>Therefore Initial Margin in Australian dollars is:</p> <p>US\$1,050 / 0.7780</p> <p>= \$1,349.61</p>	<p>Initial Margin</p>	<p>\$1,349.61</p>
<p>You open the Transaction at the Bid Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.</p>	<p>Open Rate: 10.50</p> <p>Market Rate: 10.55</p> <p>$((10.50 - 10.55) \times 1000)$</p> <p>= -US\$50</p> <p>In Australian dollars:</p> <p>-US\$50 / 0.7780</p> <p>= -\$64.26</p>	<p>Negative Open P&L</p>	<p>-\$64.26</p>
<p>Your Account Equity has reduced after you opened the Transaction.</p>	<p>\$5,000 – \$64.26</p> <p>= \$4,935.74</p>	<p>New Account Equity</p>	<p>\$4,935.74</p>
<p>Step 3: Closing a Transaction</p>	<p>Calculation</p>	<p>Account Status</p>	
<p>On the same day that you opened the Transaction, the Market Rate increased to 11.50. You decide to close the Transaction in loss.</p>	<p>Open Rate: 10.50</p> <p>Close Rate: 11.50</p> <p>$((10.50 - 11.50) \times 1000)$</p> <p>= -US\$1,000</p> <p>Let's assume the AUD/USD Quote at the time changed to 0.7800.</p> <p>Therefore in Australian dollars:</p> <p>-US\$1,000 / 0.7800</p>	<p>Closed P&L</p>	<p>- \$1,282.05</p>

	= -\$1,282.05		
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	\$5,000 - \$1,282.05 = \$3,717.95	New Account Equity & Usable Margin	\$3,717.95

You should be aware that the examples above do not take into account any potential Advisor Payments.

3.0 Commodity CFDs (Futures)

The examples below show how you can make a profit and loss by going Long and Short on a Commodity CFD Transaction. Let's assume that you just opened an Account and deposited \$5,000 and placed the following trades.

Example 3.0: Example of going Long and making a profit with a Commodity CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Coffee, Expiry 21/07/2015 Quote: 130.00/130.50 Direction: Long Size: 100 lbs	Leverage: 1:50 (i.e. 2% or 0.02) 100 lbs x 130.50 x 0.02 = US\$261 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$261 / 0.7780 = \$335.47	Initial Margin	\$335.47
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to	Open Rate: 130.50 Market Rate: 130.00	Negative Open P&L	-\$64.26

the Spread.	$((130.00 - 130.50) \times 100)$ = -US\$50 In Australian dollars: $-US\$50 / 0.7780$ = -\$64.26		
Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 131.50. You decide to close the Transaction in profit.	Open Rate: 130.50 Close Rate: 131.50 $((131.50 - 130.50) \times 100)$ = US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: $US\$100 / 0.7800$ = \$128.20	Closed P&L	\$128.20
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \128.20 = \$5,128.20	New Account Equity & Usable Margin	\$5,128.20

In Example 3.0, you opened a Long Transaction and closed at a Quote higher than the Open Rate. Example 3.1 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Long Transaction and close at a lower Quote.

Example 3.1: Example of going Long and making a loss with a Commodity CFD

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of	n/a	Usable Margin	\$5,000

\$5,000 is made. There is no Initial Margin requirement.			
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Coffee, Expiry 21/07/2015 Quote: 130.00/130.50 Direction: Long Size: 100 lbs	Leverage: 1:50 (i.e. 2% or 0.02) 100 lbs x 130.50 x 0.02 = US\$261 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$261 / 0.7780 = \$335.47	Initial Margin	\$335.47
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 130.50 Market Rate: 130.00 ((130.00 – 130.50) x 100) = -US\$50 In Australian dollars: -US\$50 / 0.7780 = -\$64.26	Negative Open P&L	-\$64.26
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 129.50. You decide to close the Transaction in loss.	Open Rate: 130.50 Close Rate: 129.50 ((129.50 – 130.50) x 100) = -US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800.	Closed P&L	-\$128.20

	Therefore in Australian dollars: -US\$100 / 0.7800 = -\$128.20		
Your Account Equity and Usable Margin have decreased after you closed the Transaction.	\$5,000 – \$128.20 = \$4,871.80	New Account Equity & Usable Margin	\$4,871.80

Example 3.2 illustrates what happens if you open a Short Transaction and close at a lesser Quote than the Open Rate.

Example 3.2: Example of going Short and making a profit with a Commodity CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: Coffee, Expiry 21/07/2015 Quote: 130.00/130.50 Direction: Short Size: 100 lbs	Leverage: 1:50 (i.e. 2% or 0.02) 100 lbs x 130.00 x 0.02 = US\$260 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$260 / 0.7780 = \$334.19	Initial Margin	\$334.19
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 130.00 Market Rate: 130.50 ((130.00 – 130.50) x 100) = -US\$50	Negative Open P&L	-\$64.26

	In Australian dollars: -US\$50 / 0.7780 = -\$64.26		
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$64.26 = \$4,935.74	New Account Equity	\$4,935.74
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 129.00. You decide to close the Transaction in profit.	Open Rate: 130.00 Close Rate: 129.00 $((130.00 - 129.00) \times 100)$ = US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: US\$100 / 0.7800 = \$128.20	Closed P&L	\$128.20
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 + \$128.20 = \$5,128.20	New Account Equity & Usable Margin	\$5,128.20

In Example 3.2, you opened a Short Transaction and closed at a Quote lower than the Open Rate. Example 3.3 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Short Transaction and close at a higher Quote.

Example 3.3: Example of going Short and making a loss with a Commodity CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

<p>You open the following Transaction: Product: Coffee, Expiry 21/07/2015 Quote: 130.00/130.50 Direction: Short Size: 100 lbs</p>	<p>Leverage: 1:50 (i.e. 2% or 0.02) 100 lbs x 130.00 x 0.02 = US\$260 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$260 / 0.7780 = \$334.19</p>	<p>Initial Margin</p>	<p>\$334.19</p>
<p>You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.</p>	<p>Open Rate: 130.00 Market Rate: 130.50 ((130.00 – 130.50) x 100) = -US\$50 In Australian dollars: -US\$50 / 0.7780 = -\$64.26</p>	<p>Negative Open P&L</p>	<p>-\$64.26</p>
<p>Your Account Equity has reduced after you opened the Transaction.</p>	<p>\$5,000 – \$64.26 = \$4,935.74</p>	<p>New Account Equity</p>	<p>\$4,935.74</p>
<p>Step 3: Closing a Transaction</p>	<p>Calculation</p>	<p>Account Status</p>	
<p>On the same day that you opened the Transaction, the Market Rate increased to 131.00. You decide to close the Transaction in loss.</p>	<p>Open Rate: 130.00 Close Rate: 131.00 ((130.00 – 131.00) x 100) = -US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: -US\$100 / 0.7800</p>	<p>Closed P&L</p>	<p>-\$128.20</p>

	= -\$128.20		
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 – \$128.20 = \$4,871.80	New Account Equity & Usable Margin	\$4,871.80

You should be aware that the examples above do not take into account any potential Advisor Payments.

4.0 Index CFDs (Futures)

The examples below show how you can make a profit and loss by going Long and Short on an Index CFD Transaction. Let's assume that you just opened an Account and deposited \$5,000 and placed the following trades.

Example 4.0: Example of going Long and making a profit with an Index CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: ASX, Expiry 21/07/2015 Quote: 5600.00/5604.00 Direction: Long Size: 10 contracts	Leverage: 1:100 (i.e. 1% or 0.01) 10 contracts x 5604.00 x 0.01 = US\$560.40 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$560.40 / 0.7780 = \$720.30	Initial Margin	\$720.30
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to	Open Rate: 5604.00 Market Rate: 5600.00	Negative Open P&L	-\$51.41

the Spread.	$((5600.00 - 5604.00) \times 10)$ = -US\$40 In Australian dollars: $-US\$40 / 0.7780$ = -\$51.41		
Your Account Equity has reduced after you opened the Transaction.	$\$5,000 - \51.41 = \$4,948.59	New Account Equity	\$4,948.59
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate increased to 5614.00. You decide to close the Transaction in profit.	Open Rate: 5604.00 Close Rate: 5614.00 $((5614.00 - 5604.00) \times 10)$ = US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: $US\$100 / 0.7800$ = \$128.20	Closed P&L	\$128.20
Your Account Equity and Usable Margin have increased after you closed the Transaction.	$\$5,000 + \128.20 = \$5,128.20	New Account Equity & Usable Margin	\$5,128.20

In Example 4.0, you opened a Long Transaction and closed at a Quote higher than the Open Rate. Example 4.1 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Long Transaction and close at a lower Quote.

Example 4.1: Example of going Long and making a loss with an Index CFD

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of	n/a	Usable Margin	\$5,000

\$5,000 is made. There is no Initial Margin requirement.			
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: ASX, Expiry 21/07/2015 Quote: 5600.00/5604.00 Direction: Long Size: 10 contracts	Leverage: 1:100 (i.e. 1% or 0.01) 10 contracts x 5604.00 x 0.01 = US\$560.40 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$560.40 / 0.7780 = \$720.30	Initial Margin	\$720.30
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 5604.00 Market Rate: 5600.00 ((5600.00 – 5604.00) x 10) = -US\$40 In Australian dollars: -US\$40 / 0.7780 = -\$51.41	Negative Open P&L	-\$51.41
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$51.41 = \$4,948.59	New Account Equity	\$4,948.59
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 5594.00. You decide to close the Transaction in profit.	Open Rate: 5604.00 Close Rate: 5594.00 ((5594.00 – 5604.00) x 10) = -US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800.	Closed P&L	-\$128.20

	Therefore in Australian dollars: -US\$100 / 0.7800 = -\$128.20		
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 – \$128.20 = \$4,871.80	New Account Equity & Usable Margin	\$4,871.80

Example 4.2 illustrates what happens if you open a Short Transaction and close at a lesser Quote than the Open Rate.

Example 4.2: Example of going Short and making a profit with an Index CFD			
Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	
You open the following Transaction: Product: ASX, Expiry 21/07/2015 Quote: 5600.00/5604.00 Direction: Short Size: 10 contracts	Leverage: 1:100 (i.e. 1% or 0.01) 10 contracts x 5600.00 x 0.01 = US\$560.00 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$560.00 / 0.7780 = \$719.79	Initial Margin	\$719.79
You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.	Open Rate: 5600.00 Market Rate: 5604.00 ((5600.00 – 5604.00) x 10) = -US\$40	Negative Open P&L	-\$51.41

	In Australian dollars: -US\$40 / 0.7780 = -\$51.41		
Your Account Equity has reduced after you opened the Transaction.	\$5,000 – \$51.41 = \$4,948.59	New Account Equity	\$4,948.59
Step 3: Closing a Transaction	Calculation	Account Status	
On the same day that you opened the Transaction, the Market Rate decreased to 5590.00. You decide to close the Transaction in profit.	Open Rate: 5600.00 Close Rate: 5590.00 $((5600.00 - 5590.00) \times 10)$ = US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: US\$100 / 0.7800 = \$128.20	Closed P&L	\$128.20
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 + \$128.20 = \$5,128.20	New Account Equity & Usable Margin	\$5,128.20

In Example 4.2, you opened a Short Transaction and closed at a Quote lower than the Open Rate. Example 4.3 illustrates what happens if the Quote moves in the opposite direction by an equal amount; that is, you open a Short Transaction and close at a higher Quote.

Example 4.3: Example of going Short and making a loss with an Index CFD

Step 1: Opening Account	Calculation	Account Status	
Account is opened and deposit of \$5,000 is made. There is no Initial Margin requirement.	n/a	Usable Margin	\$5,000
Step 2: Opening a Transaction	Calculation	Account Status	

<p>You open the following Transaction: Product: ASX, Expiry 21/07/2015 Quote: 5600.00/5604.00 Direction: Short Size: 10 contracts</p>	<p>Leverage: 1:100 (i.e. 1% or 0.01) 10 contracts x 5600.00 x 0.01 = US\$560.00 Let's assume the AUD/USD Quote at the time was 0.7780. Therefore Initial Margin in Australian dollars is: US\$560.00 / 0.7780 = \$719.79</p>	Initial Margin	\$719.79
<p>You open the Transaction at the Ask Price. When the Transaction is opened, you have a Negative Open P&L due to the Spread.</p>	<p>Open Rate: 5600.00 Market Rate: 5604.00 ((5600.00 – 5604.00) x 10) = -US\$40 In Australian dollars: -US\$40 / 0.7780 = -\$51.41</p>	Negative Open P&L	-\$51.41
<p>Your Account Equity has reduced after you opened the Transaction.</p>	<p>\$5,000 – \$51.41 = \$4,948.59</p>	New Account Equity	\$4,948.59
<p>Step 3: Closing a Transaction</p>	<p>Calculation</p>	<p>Account Status</p>	
<p>On the same day that you opened the Transaction, the Market Rate increased to 5610.00. You decide to close the Transaction in loss.</p>	<p>Open Rate: 5600.00 Close Rate: 5610.00 ((5600.00 – 5610.00) x 10) = -US\$100 Let's assume the AUD/USD Quote at the time changed to 0.7800. Therefore in Australian dollars: -US\$100 / 0.7800</p>	Closed P&L	-\$128.20

	= -\$128.20		
Your Account Equity and Usable Margin have increased after you closed the Transaction.	\$5,000 – \$128.20 = \$4,871.80	New Account Equity & Usable Margin	\$4,871.80

You should be aware that the examples above do not take into account any potential Advisor Payments.