PRODUCT DISCLOSURE STATEMENT

MARGIN FOREIGN EXCHANGE CONTRACTS

and

CONTRACTS FOR DIFFERENCE

Issued on 16 April 2018
by

FOREX FINANCIAL SERVICES PTY LTD

ABN 84 129 217 812

AFSL 323193

IMPORTANT NOTE

Financial services and products are provided by, and this Product Disclosure Statement ("**PDS**") has been prepared and issued by, Forex Financial Services Pty Ltd ABN 84 129 217 812 ("**FFS**", "**we**", "**us**", "**our**"). This PDS has been prepared to provide you with key information about FFS' financial products, being margin foreign exchange contracts ("**Margin FX Contracts**") and contracts for difference ("**CFD**"). Please note that the information contained in this PDS does not constitute a recommendation, advice or opinion and does not take into account your individual objectives, financial situation, needs or circumstances. It is general information only.

FFS holds Australian Financial Services Licence ("**AFSL**") No. 323193 and is regulated by the Australian Securities & Investments Commission ("**ASIC**"). ASIC does not endorse specific financial products. ASIC's regulation of us applies in respect of our Australian financial services activities only. You should be mindful of the risks of trading Margin FX Contracts and CFDs and note that you can incur losses when trading. Returns are not guaranteed. Neither ASIC, the Australian Government nor any other person guarantees any monies in your Account.

This PDS, the Terms and Conditions ("**T&C**") and our Financial Service Guide ("**FSG**") are important documents and should be read in their entirety before making any decision to enter into a Contract with us. You should obtain independent advice to ensure this is appropriate for your particular financial objectives, needs and circumstances.

We recommend that you obtain independent advice to ensure our Products are appropriate for your particular financial objectives, needs and circumstances. You should also seek independent taxation and accounting advice in relation to the impact of gains and losses on your particular financial situation. The taxation consequences of Margin FX Contracts and CFDs can be complex and will differ for each individual's financial circumstances and your tax adviser should be consulted prior to entering into a Contract with us.

FFS does not guarantee the investment performance of Margin FX Contracts and CFDs or the investment performance of the Underlying Markets or Instruments. Past performance is no indication or guarantee of future performance.

This PDS does not constitute an offer or invitation in any place outside Australia where or to any person to whom it would be unlawful to make such an offer or invitation. The distribution of this PDS (electronically or otherwise) in any jurisdiction outside Australia may be restricted by law and persons who come into possession of this PDS should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable law.

If you received this PDS electronically, we can provide a paper copy free of charge upon request. For information regarding our full range of Products and services, please read our FSG and visit our Website. If you have any queries regarding this PDS, please contact FFS.

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

The information in this PDS is current as at 16 April 2018.

WARNING Margin FX Contracts and CFDs are considered speculative products which are highly leveraged and carry significantly greater risks than non-geared investments, such as shares. You should not invest in Margin FX Contracts and CFDs unless you properly understand the nature of these products and are comfortable with the attendant risks. You should obtain financial, legal, taxation and other professional advice prior to entering into a Contract with us to ensure this is appropriate for your objectives, needs and circumstances.

1. PURPOSE OF THIS PRODUCT DISCLOSURE STATEMENT ("PDS")

This PDS is designed to provide you with important information regarding our Products, being Margin FX Contracts and CFDs, including the following information:

- Who we are;
- How you can contact us;
- Which financial products we are authorised to offer;
- Key features/risk/benefits of these products;
- Applicable fees and charges for these products;
- Any (potential) conflicts of interest we may have; and
- Our internal and external dispute resolution process.

The information in this PDS is subject to change from time to time. Where changes are not materially adverse, we will post the revised or supplementary PDS on our Website. If you would like further information, please contact us.

The provision of this PDS to any person does not constitute an offer to someone to whom it would not be lawful to make such an offer. This PDS is a disclosure document prepared in accordance with Australian laws. This PDS has not been approved nor it is required to be approved by ASIC. FFS operates in Australia as an Australian financial services provider. Neither this PDS nor any FFS' conduct is intended to be an inducement, offer or solicitation to anyone outside of Australia.

Defined terms used in this PDS are defined in section 25 - Glossary or elsewhere in this PDS. If you would like further information, please contact FFS. Further details about our Products and services are available on our Website.

2. NAME & CONTACT DETAILS OF ISSUER

You can contact our office by any of the means listed below:

Writing to us at:	Forex Financial Services Pty Ltd Suite 23.08, One International Tower 100 Barangaroo Avenue Sydney NSW 2000
Calling us:	(612) 9151 4240
Sending us a fax:	(612) 9232 3599
Sending an email to:	info@forexfs.com.au
Visiting our website:	www.forexfs.com.au

3. OPENING AN ACCOUNT

Before you begin dealing in our Products, you must complete an Application Form and be approved by us to open an Account. FFS provides different versions of the Application Forms depending on whether you are an individual, corporation or a trust.

Before completing the appropriate Application Form, you should read our disclosure documents, including but not limited to this PDS, T&C and the FSG in their entirety. Information provided to you in the disclosure documents and on our Website is important and is binding on you. You must complete, sign and return the T&C, and have this approved by FFS if you would like to have an Account with us. FFS reserves the right to refuse to open an Account.

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

You must provide us with your Application Form, and at any time requested by us, such documentation as set out in the Application Form.

The Application Forms require you to disclose personal information. You should refer to our Privacy Statement which is available on our Website or by contacting us directly. Please contact us if you have any concerns or if you would like to see a copy of our Privacy Statement, which explains how we collect personal information and maintain, use and disclose that information.

4. ANTI-MONEY LAUNDERING LEGISLATION

We may require information from you from time to time to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* and *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1)*. You undertake to provide us with all information and assistance that we may require to comply with the AML/CTF Laws.

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

You also warrant that:

- you are not aware and have no reason to suspect that:
  - the money used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Australian law, international law or convention or by agreement; or
  - the proceeds of your investment will be used to finance any illegal activities; and
- neither you nor your directors, in the case of a company, are a politically exposed person as the term is used in the AML/CTF Laws.

5. ADVICE

FFS is authorised to provide financial product advice in relation to our Products. We do not provide any personal advice to our clients regarding our Products.

The information contained in this PDS is general advice only, and does not take into account your particular financial objectives, needs and circumstances. We only provide general advice and we recommend that you obtain your own professional advice to ensure you fully understand the nature and risks of our Products and determine their suitability for your situation.

6. ASIC REGULATORY GUIDE 227 DISCLOSURE BENCHMARKS

ASIC Regulatory Guide 227 ("**RG227**") requires issuers of over-the-counter ("**OTC**") derivatives to publish certain information addressing a range of disclosure benchmarks to help retail investors to understand the risks associated with OTC derivatives. There are seven (7) disclosure benchmarks required to be addressed.

FFS's compliance with each benchmark is addressed in the following table:

Benchmark	**Meet Benchmark?**	**How does FFS meet this benchmark?**
Client Qualification Addresses the issuer's policy on investor's qualification for trading	Yes	FFS maintains and applies a written policy which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open an Account. FFS also maintains a written policy/procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments. Further information can be found in section 14 of this PDS.
Opening Collateral Addresses the issuer's policy on the types of assets accepted from investors as opening collateral	No	The benchmark suggests that a limit of $1,000 be accepted for opening payments made by credit cards. FFS accept credit card payments for more than $1,000 as initial funding in order to provide flexible payment options to clients. FFS only permits clients to open an Account and trade with cleared funds. FFS does not accept other financial products as collateral for funding an Account. Further information can be found in section 15 of this PDS.
Counterparty Risk – Hedging Addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging	Yes	FFS maintains and applies a written policy to manage our exposure to market risk from client Positions. This includes strict risk management controls to assess and monitor our hedging counterparties (to ensure they are of sufficient financial standing, are licensed by a comparable regulator, and are of sound reputation). Our Hedging Counterparties Policy provides more detail on the current counterparties we use and the methods we use mitigate counterparty risk. You can find a copy of the policy on our Website. Further information can be found in section 10 of this PDS.
Counterparty Risk – Financial Resources Addresses whether the issuer holds	Yes	FFS maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We further maintain a detailed risk register, in which the key risks of our business are addressed and reviewed. Please note that we have designated staff to monitor our compliance with our licence conditions and ASIC RG 166 (financial) obligations, as well as review and input from our

sufficient liquid funds to withstand significant adverse market movements		independent external legal and accounting advisers. Further information can be found in section 10 of this PDS.
Client Money Addresses the issuer's policy on its use of client money	Yes	FFS maintains and applies a clear policy with regard to the use of Client Money. We hold and use Client Money in accordance with the Australian Client Money Rules. FFS' Client Money policy can be found in section 16 of this PDS.
Suspended or Halted Underlying Assets	Yes	With the exception of Margin FX Contracts where there is no suspension or halting of the Underlying Market, we do not allow new Contracts to be opened when the Underlying Market is halted or suspended. Further information can be found in section 11 of this PDS.
Margin Calls Addresses the issuer's practices in the event of client accounts entering into margin call	Yes	FFS maintains and applies a written policy detailing our margining practices. This details how we monitor client Accounts to ensure you receive as much notice as possible regarding Margin Calls, our rights regarding the levying of Margin Calls and closing out of Contracts when such Margin Calls are not met in a timely manner, and what factors we consider when exercising such close-out rights. All Contracts will be subject to Margin obligations. Accordingly, you are responsible for meeting the Total Margin Requirements. It is your sole responsibility to monitor and manage your open Contracts and exposures, and ensure Margin Calls are met as required. Margin Calls will be notified via the Trading Platforms, and you are required to log-in to the system regularly when you have open Contracts with us. Further information can be found in section 12 of this PDS.

7. WHAT DO WE OFFER?

MARGIN FX CONTRACTS

Margin FX Contracts are OTC derivative products. The price of a Margin FX Contract is based on the price of an Underlying Instrument, being the price of one currency relative to another. FFS provides Margin FX Contracts for nearly all major currency pairs. However, some of the minor or more exotic currency pairs are not available. Please refer to our Website for more details.

Foreign exchange is essentially about exchanging one currency for another at an agreed rate. Accordingly, in every exchange rate quotation, there are two currencies. The exchange rate is the price of one currency ("**Base Currency**") in terms of another currency ("**Term Currency**"), such as the price of the AUD in terms of the USD.

Example:

Base Currency is the first currency in a quote for a Margin FX Contract. For example in the currency pair of AUDUSD, AUD is the Base Currency and USD is the Term Currency.

Margin FX Contracts can be differentiated from other foreign exchange products in that they allow the investor an opportunity to trade on a margined basis as opposed to paying for the full value of the currency.

Margin FX Contracts do not result in the physical delivery of the currency but are cash adjusted or closed by the client clicking “close” button on the Trading Platforms, **i.e. there is not a physical exchange of one currency for another**. You do not own or have any interest or right to that Underlying Instrument or have the ability to trade it on an exchange by entering into a Margin FX Contract.

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

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

- the difference between the price of the Contract when it is opened and the price of the Contract when it is closed;
- any Swap Charges or Swap Benefits relating to the Contract; and
- Commissions charged for the Account (if applicable).

Margin FX Contracts do not have an Expiry Date and will remain open until closed in accordance with the Agreements.

You should consider the effect of leverage applied to your Positions on your gains and losses. The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

CFD

A CFD is a leveraged financial instrument that fluctuates in value based on the price of the Underlying Instrument. A CFD does not provide ownership or any rights to the Underlying Instrument and does not entitle you to the delivery of the Underlying Instrument at any stage. As a CFD is not being traded directly on an exchange or a regulated market, a CFD is an OTC derivative contract.

A CFD is an agreement between you and us to exchange the difference in value of an Underlying Instrument from when a Contract is opened to when it is closed. If the value of the CFD has moved in your favour, you will be paid an amount into your Account. Should the value of the CFD move against you, an amount will be deducted from your Account.

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

- the difference between the price of the CFD when it is opened and the price of the CFD when it is closed;
- adjustments to reflect notional dividends;
- fees relating to the Contract;
- any applicable interest charges;
- any Swap Charges or Swap Benefits relating to the CFD;
- any Rollover Charges or Rollover Benefits relating to the CFD;
- any Commissions charges relating to the CFD (if applicable); and
- Administration Charges.

You should consider the effect of leverage applied to your Positions on your gains and losses. The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances.

Types of CFDs We Offer

We offer CFDs to our clients on:

- Index CFDs;
- Commodity CFDs;
- Futures Based CFDs;
- Gold and silver (Bullion CFDs); and
- such other CFDs as may be notified to you from time to time.

Many CFDs will be traded in Australian dollars, however some CFDs may be denominated in other currencies. Please refer to our Website for further information on our Products.

FFS TRADING AS PRINCIPAL

FFS will regularly state, via the Trading Platforms, the price at which it is prepared to deal with you as a principal. This means that for each Contract agreed and entered into with you will be entered into by us as the Product issuer, not as agent. Should you decide to transact with FFS then FFS will enter into a legally binding Contract with you (as principal) i.e. FFS will be the counterparty to the transaction and each Contract will be an individual agreement made between you and FFS.

FFS does not provide a market amongst or between our clients for investments or speculations. Each transaction entered by you is an individual agreement made between you and FFS as principal and is not transferable, negotiable or assignable to or with any third party.

LONG & SHORT POSITIONS/CONTRACTS

A Contract (also known as a Position) is opened by either buying (going long) or selling (going short) a Margin FX Contract or CFD:

a. Should you open a long position, your intention would be to profit from a rise in the price of the Underlying Instrument, and you would suffer a loss should the price of the Underlying Instruments fall; and

b. Should you open a short position, your intention would be to profit from a fall in the price of the Underlying Instrument, and you would suffer a loss should the price of the Underlying Instrument rise.

In order to close an open long or short Contract, you need to click the "close" button on the Trading Platform. The closure of a Contract will generally result in a profit or loss being realised in your Account. If you close a Position, any related Orders you have placed against that Position will be cancelled. However, please note that we may not be able to allow you to close a Contract at a particular time and/or at the particular price, for example, without limitation, due to gapping or illiquidity.

You should note that FFS is not obliged to accept your Orders. Typically this would occur should you exceed the limits imposed on your Account by FFS, or where there are insufficient funds in your Account to meet your Margin obligations.

When trading the Products you should always be aware of the risks and benefits as detailed in this PDS.

MINIMUM TRADING SIZE AND MAXIMUM TRADING SIZE

The size of your Contract must exceed the relevant Minimum Trading Size and must not exceed the relevant Maximum Trading Size, each as specified on the Trading Platforms, and may be changed from time to time.

TYPES OF ACCOUNT

We have four types of Accounts available for our clients:

- Classic Accounts – the Trading Platform for this type of Account is MT4;
- DMA Accounts – the Trading Platform for this type of Account is MT4;
- JForex Accounts – the Trading Platform for this type of Account is JForex; and
- Mini Accounts – the Trading Platform for this type of Account is MT4.

We may offer other types of Accounts to our clients from time to time, and/or change the features of certain types of Accounts from time to time.

Please refer to our Website for details on the types of Accounts that you may open with us.

OUR TRADING PLATFORMS

FFS provides the following two types of trading software to enable clients to trade in our Products:

- MT4; and
- JForex.

Both are referred to as Trading Platforms in this PDS, our FSG and T&C. FFS' T&C contains detailed terms of use applicable to the Trading Platforms and you are required to agree to this document prior to opening an Account.

FFS will provide all clients, via the Trading Platforms, with access to Confirmations, and both daily and historical Account statements allowing you to check your open Contracts, Margin Requirements and cash balances. Should you have any queries relating to your statements please contact FFS.

OPENING HOURS

Our Trading Platforms open on Sunday at 10:05pm GMT (09:05pm GMT during US daylight savings) and close on Friday at 9:55pm GMT (or 8:55pm GMT during US daylight savings.

During the opening hours you are able to view live prices and place live Orders. You may still access the Trading Platforms and view your Account, market information, research and our other services outside to these hours. However, there will not be any live prices or trading. We will provide services to you outside of these hours at our sole discretion. Opening hours of our Products may vary within these times, please check our Website and Trading Platforms for further information on opening hours for each Contract.

HOW DO YOU INSTRUCT US

FFS only accepts instructions via the Trading Platforms. You are required to access the Trading Platforms on a regular basis to confirm that your instructions have in fact been received by us, reconfirm all Orders that you place with us, review Confirmations we provide, to ensure their accuracy and monitor your Margin obligations. Any discrepancies identified must be reported to us immediately.

PRICING AND SPREADS

The calculation of the price to be paid (or the payout to be received) for a Margin FX Contract or a CFD, at the time the Contract is opened or closed, will be based on market prices available at the time and the expected level of interest rates, implied volatilities and other market conditions during the life of the Contract and is based on a complex arithmetic calculation.

The calculation will include either a spread mark up or commission charge in favour of FFS. Spreads and Commissions will differ depending on the Margin FX Contracts or CFDs traded. Spread means the difference between the bid price and the ask price. The bid price represents the price you will pay to sell the Margin FX Contract or CFD and the ask price represents the price you will pay to buy the Margin FX Contract or CFD.

The spread is incorporated into the price of the Margin FX Contract or CFD quoted to you and is not an additional fee or charge payable by you. The spreads we quote are generally wider than the spreads available in the Underlying Market, or quoted by our liquidity providers, and the additional spread represents our mark up.

The spreads we quote are a number of points between the bid price and the ask price. A point is the last decimal place to which a Contract is quoted.

The spreads we publish are our target spreads used in normal market conditions. The spreads range from between 0.01 points to 600 points. In periods of volatile markets, the spread may increase.

Where FFS provides you with the raw institutional spread (spread with no mark-ups), we will charge a commission on the Contract.

In other words, our prices for both Margin FX Contracts and CFDs are calculated by applying a mark-up to the price for the Underlying Instrument most recently quoted to us by one or more third party providers, and in circumstances where we do not apply a mark-up, we will charge a commission on the transaction.

Please refer to section 17: FEES, COSTS & CHARGES

8. PURPOSE OF TRADING OUR PRODUCTS

People who trade in Margin FX Contracts and CFDs may do so for a variety of reasons. Some trade for **speculation**, that is, with a view to profiting from fluctuations in the price of the Underlying Instrument. For example, traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the Underlying Instrument. Traders may have no need to sell or purchase the Underlying Instruments themselves, but may instead be looking to profit from market movements in the Underlying Instruments concerned.

Others trade Margin FX Contracts and CFDs to **hedge** their exposures to the Underlying Instruments. For example, companies or individuals, that are dependent on overseas trade, are exposed to currency risk. This can be to purchase (or sell) physical commodities (such as machinery) or even financial products (such as investing in securities listed on an international stock exchange). An exporter who sells its product priced in foreign currency has the risk that if the value of that foreign currency falls then the revenues in the exporter's home currency will be lower; or an importer who buys goods priced in foreign currency has the risk that the foreign currency will appreciate thereby making the cost, in local currency terms, greater than expected.

The above examples demonstrate the effect of currency risk. Currency risk is the risk that arises from international business which may be adversely affected by fluctuations in exchange rates. FFS offers its clients the facility to buy or sell Margin FX Contracts to manage this risk.

This enables clients to protect themselves against adverse currency swings, yet secure enhanced exchange rates when offered, thereby protecting the profit margin made by the corporate during the business transaction relating to the foreign currency trade.

Note: The risk of loss in trading in derivatives and/or leveraged products can be substantial. A client should carefully consider whether trading such Products is appropriate for them in light of their financial circumstances and objectives.

9. KEY BENEFITS OF TRADING OUR PRODUCTS

Margin FX Contracts and CFDs provide an important risk management tool for those who manage foreign currency or underlying instruments of the CFD exposures. The significant benefits of using Margin FX Contracts and CFDs as a risk management tool are to **protect your exchange rate or movements in the Underlying Instrument of the CFD and provide cash flow certainty.** Other benefits of using our Products apply equally for a client as a risk management tool or for the client who is a trader or speculator and these are described below.

PROTECT FROM MARKET MOVEMENTS

FFS provides Trading Platforms, enabling you to trade in OTC derivatives (as opposed to exchange-traded) such as Margin FX Contracts and CFDs over the internet. Our Trading Platforms allow you to buy and sell our Products to protect yourself against adverse market swings.

FFS also offers different types of Orders that enable you to manage volatility. You may manage downside risk by the use of Stop Loss Orders if the market rate reaches a particular level. In addition, you may use Limit Orders which allow you the opportunity to benefit from favourable upside market movements.

PROVIDE CASH FLOW CERTAINTY

By agreeing a rate now for a time in the future you will determine the exact cost of that currency or the Underlying Instrument, thereby giving certainty over the flow of funds. Any profit (or loss) you make using our Products would be offset against the higher (or lower) price you physically have to pay for the Underlying Instrument.

In addition to using our Products as a risk management tool, you may also benefit by using our Products to speculate on changing market movements. You may take a view of a particular market or the markets in general and therefore invest in our Products according to this belief in anticipation of making a profit.

TRADE IN SMALL AMOUNTS

Our Trading Platforms enables you to make transactions in small amounts. The minimum opening balance applicable depends on the type of Account you open. When trading in our Products you may deposit an amount that suits you and which is in line with the amount you are willing to risk.

Please see below list of the minimum open balance for each type of Accounts we offer:

- Mini Accounts - $10;
- Classic Accounts - $100;
- DMA Accounts - $1,000; and
- JForex Accounts - $1,000.

The minimum open balance for each type of Accounts are subject to change. Please refer to our Website for further information.

ACCESS TO THE MARKETS AT ANY TIME THEY ARE OPEN

FFS provides you with access to a highly advanced and multi-levelled system with the opportunity to trade on the foreign exchange market or on any market where we offer CFDs on its instruments. This gives you a unique opportunity to react quickly to breaking news that is affecting the markets. It should be noted however, that trading in various markets is restricted to hours where Underlying Markets and our Trading Platforms are both open.

SPECULATION

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

SUPERIOR FOREIGN EXCHANGE LIQUIDITY

The foreign exchange market is usually very liquid as there are a large number of buyers and sellers to trade with. The liquidity of this market, particularly with respect to that of the major currencies, helps ensure price stability and low spreads.

REAL TIME STREAMING QUOTES

The Trading Platforms use the latest highly sophisticated technologies in order to offer you current quotes.

10. SIGNIFICANT RISKS OF TRADING OUR PRODUCTS

Trading in our Products carries a high level of risk. The risk of loss in trading can be substantial, and you may lose all the capital invested. You should obtain independent professional advice and carefully consider whether our Products are appropriate for you in light of your knowledge, experience and investment objectives, financial needs and circumstances.

It is also important that you read and understand the provisions in the T&C, this PDS and our FSG before entering into any Contracts with us.

Some of the key risks involved in Margin FX Contracts and CFDs trading include, but are not limited to, the following:

DERIVATIVES RISK GENERALLY

Derivative markets can be highly volatile and the risk of loss when trading in derivatives can be substantial. In deciding whether to trade OTC derivatives, you should be aware of the following matters:

- you could sustain a total loss of the amount that you deposit with FFS to establish or maintain a Contract;
- under certain market conditions, it could become difficult or impossible for you to manage the risk of any open Contracts by entering into opposite Contracts or closing out existing Contracts;
- under certain market conditions, the prices of Contracts may not maintain their usual relationship with the market of the Underlying Instruments;

- a “spread” Contract (i.e. the holding of a bought Contract for one specified date and a sold Contract for another specified date) is not necessarily less risky than a simple “long” (i.e. bought) or “short” (i.e. sold) Contract. In addition, a “spread” may be larger at the time you close-out the Contract than it was at the time you opened it;
- a high degree of leverage is obtainable in trading our Products because of the small Margin Requirements. The use of leverage can work against you as well as in favour of you;
- as a result of high volatility, low liquidity or gapping in the underlying market, you may receive re-quotes, slippage or hanging Orders. Hanging Orders are often already executed, but sitting in the terminal window until they can be confirmed;
- changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX Contracts and CFDs;
- there is no clearing house for Margin FX Contracts and CFDs, and the performance of a CFD and/or Margin FX Contract by us is not ‘guaranteed’ by an exchange or clearing house.

RISK OF LEVERAGE

Our Products are highly leveraged financial products with low Margin Requirements. This means that a slight price fluctuation in the Underlying Instrument to which our Products are referrable can result in proportionately much larger movements in the value of your investment leading to significant losses as well as gains. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions as described below in Counterparty Risk. You must be aware that the high degree of leverage can work against you as well as for you, and the potential losses may be far greater than the money you deposit into your Account.

You could be required to pay further funds representing losses and other fees on your open and closed Contracts. The prices of our Products may be volatile and fluctuate rapidly over wide ranges. The leveraged nature of our Products means that your Margin Requirements may change rapidly. You must monitor your open Contracts regularly.

Example:

The client has an Account with FFS with an Account balance of USD10,000.

The client bought a Margin FX Contract on AUDUSD of 10 lots (1,000,000) with a price of 0.8800. The Margin Percentage used in this transaction is 1:200 (equals 0.5%).

Therefore, the Total Margin Requirement for this transaction equals USD4,400 (being 1,000,000 X 0.88 X 0.5%).

The client placed a Stop Loss Order at 0.8750 in an attempt to limit the loss to USD5,000 should the market move against him/her.

The market moved towards 0.8760 near the market close on a Friday and the client decided to keep the Contract over the weekend.

There was unexpected news over the weekend and on the next Monday the AUDUSD opened at 0.8650. Therefore, the Stop Loss Order will be triggered immediately by the Trading Platform used when market opened at 0.8650 and the client suffered a loss in the amount of USD15,000.

The client would therefore have a debt to FFS in the amount of USD 5,000.

MARGIN RISK

You must be able to pay us the Margin Requirements as and when required, otherwise all or any of your Contracts may be closed by us without notice to you. You should be aware there is a high risk of Margin Requirements changing, and at times very rapidly. There is a moderate to high risk that the market value of the Underlying Instrument moves rapidly against you, in which case you will be required to pay more Margin on little or no notice. Failure to meet those Margin Requirements may result in:

- some or all of your open Contracts being closed or liquidated by us;
- you being prevented from opening new Contracts or extending existing Contracts; and
- you being liable for interests charges on negative or debit balances.

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

COUNTERPARTY RISK – HEDGING

Credit risk refers to the risk that our hedging counterparty to us fails to perform its obligations which results in financial loss. We have put in place a risk management framework which is intended to manage the credit risk and market risk and to protect us and our clients from sudden changes in the liquidity, credit quality or solvency of our hedging counterparties.

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

As a result, you will be reliant on our ability to meet our counterparty obligations to you to settle the relevant Contract. If we default on our obligations, you may become an unsecured creditor in an administration or liquidation and will not have recourse to any Underlying Instruments in the event of our insolvency.

We enter into OTC transactions as principal with other counterparties to hedge the market risk arising from our transactions with you (and our other clients). We do not use monies received from you for Margin Calls and settlements to such providers.

We are also exposed to the financial risks of the financial institutions with which we hold Client Money (e.g. Margin) and with which we enter into hedging or offsetting transactions to manage our exposure to you. Accordingly, you are indirectly exposed to the financial risks of our counterparties as well as the financial institutions with which we hold Client Money. If the financial condition of us or assets of our counterparties or the parties with which we hold Client Money deteriorate, then you could suffer loss because the return of the Client Money could become difficult.

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

- the enforcement of leverage limits based on the total equity of your Account and the instruments being traded;
- the enforcement of market risk limits on our net exposure and daily loss limits; and
- the selection and maintenance of one or more hedge counterparty relationships.

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

- the counterparty's reputation;
- the regulatory status of the counterparty;
- the services provided; and

- the strength of operational controls and systems.

Our current Hedging Counterparty Policy, which notes our current approved hedging counterparties, is available on our Website.

COUNTERPARTY RISK – FINANCIAL RESOURCES (BENCHMARK 3)

As an issuer of OTC derivative products, FFS must comply with the financial requirements imposed under our AFSL as set out in ASIC Regulatory Guide 166 and other regulatory financial obligations. The goal of these requirements is to ensure that we meet the minimum level of financial resources required by law to conduct business and meet any liabilities as and when they may arise.

FFS monitor our exposure on a daily basis using real-time software tools and prepare detailed financial reports on a monthly basis to ensure applicable financial requirements are met. We also:

- Perform daily reconciliation of Client Monies as required by section 2.2.1 of the ASIC Client Money Reporting Rules 2017;
- Perform monthly reconciliation of Client Monies and report to ASIC as required by section 2.2.2 of the ASIC Client Money Reporting Rules 2017;
- perform a daily net tangible assets (NTA) calculation, ensuring that we meet the minimum NTA requirement set by ASIC; and
- perform quarterly stress testing ensuring that in the event of significant adverse market movements, we would have sufficient liquid resources to meet our obligations to you and our other clients without needing to have recourse to Client Money to do so.

The latest results of our financial audit are available for inspection upon request at our registered office.

FOREIGN EXCHANGE RISK

Your Account is maintained in the currency you have nominated, that is, the Base Currency. Where you deal in a Margin FX Contract or a CFD that is denominated in a currency other than the Base Currency, all Margin Requirements, option premiums, profits, losses, interest rate payments/receipts and financing credits and debits in relation to that Contract are calculated using the currency in which the product is denominated.

Accordingly, your profits or losses may be affected by fluctuations in the relevant foreign exchange rate between the time the order is placed and the time the Contract is closed, liquidated, offset or exercised.

Upon closing a Contract that is denominated in a currency other than the Base Currency of your Account, the foreign currency balance will be converted to the Base Currency at the market rate at the time of the Contract being closed without any conversion fee. Until the foreign currency balance is converted to the Base Currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the Contract.

MARKET RISK

Market risk is the risk that the markets move in a direction not anticipated**.** External market forces can cause markets and prices to change quickly resulting in rapid price fluctuations. Such forces include changes in interest rate, supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the marketplace.

As the price of your Contract is based on an Underlying Instrument these factors may affect your Contract and our ability to execute, settle or close out the Contract on your behalf. We strongly recommend that you monitor your Contracts at all times.

You should be aware that if you acquire a Margin FX Contract or a CFD for trading or speculative purposes (that is where you do not have a risk you need to protect yourself from), you would be fully exposed to price movements in the Underlying Instruments.

11. OTHER SIGNIFICANT RISKS OF TRADING OUR PRODUCTS

Gapping - In fast moving or illiquid markets "gapping" may occur. Gapping occurs when market prices do not follow a "smooth" or continuous trend and is typically caused by external factors such as world, political, economic and corporate related events. Should gapping occur in the Underlying Instrument on which your Contract is referable to, you may not be able to close out your Contract or open a new Contract at the price at which you have placed your order.

Liquidity – Under certain conditions, it may be difficult or impossible to close out a Contract. This can occur when there is significant change in the price of the Underlying Instrument over a short period of time.

Stop Loss Orders and Limited Orders Are Not Guaranteed – Some of our Products can be traded in conjunction with our Limit and Stop Loss Orders which are designed to either optimise your exposure to the market or limit your loss by instructing that orders be executed at pre-determined price levels. The placing of a Stop Loss Order can potentially limit your loss, however, FFS does not guarantee that it will do so. Similarly, a Limit Order can maximise your profit but there is also no guarantee of this. This is because, for example, foreign exchange markets can be highly volatile so that a Stop Loss Order and Limit Order may not be accepted, or may be accepted at a price different to that specified by you. Therefore, please be aware that these orders may not always limit your losses or maximise your profits the way you anticipate. The operation of these order types should be discussed with your FFS representative.

Regulatory Risk – changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in our Products, as may any regulatory action taken against FFS.

You must also be aware that all of our Products are OTC derivatives and are not covered by the rules applicable to exchange-traded products. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund (the NG Fund). The NG Fund provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the NG Fund do not apply to our Products.

Risks Associated with the Trading Platforms – You shall be responsible for providing and maintaining the means by which you access the Trading Platforms. Such means may include without limitation a personal computer, modem and telephone or other access line. While the Internet and the World Wide Web are generally reliable, technical problems, disruptions or other conditions may delay or prevent access thereto. If you are unable to access the Internet and thus, the Trading Platforms, you may be unable to trade in our Products when desired and/or may suffer a loss as a result. We do not accept Orders via telephone or email.

Furthermore, in unforeseen and extreme market situations, such as an event like September 11, or a global catastrophe, FFS reserves the right to suspend the operation of the Trading Platforms or any part or sections of it. In such an event, FFS may, at its sole discretion (with or without notice), close out your open Contracts at prices it considers fair and reasonable at such a time. FFS may impose volume limits on client Accounts, at its sole discretion. Please note that such measures would only be implemented in extreme market conditions, and such discretion only reasonably exercised in your best interests. We do not accept or bear any liability whatsoever in relation to the operation of the Trading Platforms.

Execution Risk - FFS strives to provide you with the best execution and competitive spreads available via direct market access. However, there may be times when market conditions (extreme volatility or volume) may cause spreads to widen beyond our typical spreads - this market condition is known as a 'Fast Market'. Fast Market conditions may be caused by various factors including, but not limited to, news releases such as US non-farm payroll numbers, which will result in significant orders imbalances.

Liquidity withdrawal is a common measure used by our counterparties (Liquidity Providers) at or right before the moment of key data releases. In the event of a Fast Market, spreads will widen as the market ascertains the correct value of an Underlying Instrument and prices can gap - a price gap occurs when the price of a market jumps from its last bid/offer quote to a new quote, without ever trading at prices in between those quotes.

For example, EURUSD could trade 1.3510/12 ahead of an economic data release or news event with the first quote following the event being 1.3060/80 if the data or news reflected such a shift in sentiment.

In these instances, all Orders will be executed at the best price available after the gap given the liquidity in the underlying market. You may experience a delay in execution, re-quoted prices different to your requested trade price, or execution of Orders at different levels depending on size and reflecting the liquidity of the underlying market.

Fast Market conditions can occur at any time but are most common during economic data releases or news events especially where liquidity is at a premium (for example national holidays) or after a week-end as the market reopens. Wider spreads during Fast Market conditions or a market gap can significantly decrease the equity on your Account and can trigger a Margin Call or equity stop loss level (liquidation of the least profitable positions).

Execution Risk – Slippage - we aim to provide you with the best pricing available and to fill all Orders at the requested rate. However, there are times when, due to an increase in volatility or volume, Orders may be subject to what is referred to as "slippage". This most commonly occurs during fundamental news events or gapping in the markets. The volatility in the market may create conditions where Orders are difficult to execute, since the price might be many pips away due to the extreme market movement or gapping. Execution is subject to available liquidity at any and all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity exhausted, in which instance your Order would be filled at the next best price or the fair market value.

Operational Risk - operational risk is inherent in every transaction with us. For example, disruption to FFS's operational processes such as communications, computers, networks or external events may lead to delays in the execution of or settlement of a Contract.

FFS relies on a number of technology solutions to provide its financial services to you. In particular, FFS may outsource the operation of its Trading Platforms to third parties, and in doing so FFS relies upon these third parties to ensure the Trading Platforms are updated and maintained.

A disruption to the Trading Platforms may mean you are unable to trade in our Products when desired and you may suffer a loss as a result. An example of disruption includes the "crash" of our computer based Trading Platforms.

Powers of FFS – Should you fail to pay any amounts due and payable to us, including Margin Calls, or maintenance of minimum Account balances, FFS has, under the Agreements, extensive powers to close out your Contracts and charge default interest on outstanding amounts. Under the T&C you also indemnify FFS and its employees, agents and representatives against certain losses and liabilities. You should read the T&C carefully to ensure you understand these powers and responsibilities.

Hanging Orders - during periods of high volume, hanging Orders may occur. This is where an Order sits in the "orders" window after it has been executed. Generally, the Order has been executed, but it is simply taking a few moments for it to be confirmed. During periods of heavy trading volume, it is possible that a queue of Orders will form. That increase in incoming Orders may sometimes create conditions where there is a delay in confirming certain Orders.

Halting and Suspension of Underlying Markets - If an Underlying Market or Underlying Instrument to which a Contract relates is suspended or halted from trading for whatever reason, we suspend trading in the Product and we may increase the amount of Margin Requirements to support that open Position at our reasonable discretion. If the Underlying Instrument remains suspended for a time that we think is unacceptable to us in our sole discretion, we may close the open Position at fair value as determined by us.

If an Underlying Instrument to a Product has been de-listed, we may close all affected open Positions at the last available prices.

No cooling off - there are no cooling-off arrangements for our Products. This means that when FFS arranges for the execution of a Contract, you do not have the right to return the Contract, nor request a refund of the money paid to acquire the Product.

Market information - FFS may make available to you through one or more of its services, a broad range of financial information that is generated internally or obtained from agents, vendors or partners (third party providers). This includes, but is not limited to, financial market data, quotes, news, analyst opinions and research reports, graphs or data provided by external sources (Market Information).

Market Information provided by us by email, through our Website or via the Trading Platforms is not intended as advice to you. FFS does not endorse or approve the Market Information. FFS does not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.

Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. FFS is not obligated to update any information or opinions contained in any Market Information and may discontinue offering Market Information at any time without notice.

12. MARGIN OBLIGATIONS

FFS applies the following main principles in relation to its Margin practices:

- Each client must pay Margin before issuance of our Products;
- Margin Requirements are applicable to all clients;
- Each client's Account is promptly adjusted for Margin Requirements according to market movement; and
- Each client is required to pay Margin Calls promptly.

TYPES OF MARGIN

Initial Margin

Before you enter a Contract with us you will be required to pay us the Margin for that Contract. This is called the Initial Margin. The full value of the Initial Margin must be placed on your Account before a Contract is opened. Depending on the Contract traded and the market volatility, the Initial Margin will typically be between 0.2% and 50% of the face value of the Contract. However, it is not uncommon for Initial Margins to be above this range. We may change the Margin Percentage at any time and at our discretion.

Initial Margin is calculated as follows:

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

The current Margin Percentages applicable to each type of Contracts are provided on the Trading Platforms.

Continuing Margin Obligation

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

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

(Quantity of Contract Units x Contract Price) x Margin Percentage

You must pay to us the Margin Requirements for all of your open Positions.

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

TOTAL EQUITY AND TOTAL MARGIN REQUIREMENT

The Total Equity of your Account will fluctuate according to:

- the money you have deposited in your Account;
- the dealings conducted on your Account; and
- the Contracts you hold.

Your Account balance and your Total Margin Requirement is constantly calculated in line with movements in our prices for Products and these amounts are displayed on the Trading Platforms.

You must ensure at all times that the Total Equity is at least the Total Margin Requirement. If there is any shortfall between your Total Equity and your Total Margin Requirement, you are required to deposit additional funds into your Account so that there is no such shortfall. These funds are due and payable to us immediately when your Total Equity falls below your Total Margin Requirement.

It is your responsibility to monitor and manage your open Contracts and exposures and ensure that your Account is sufficiently funded at all times to maintain the Total Margin Requirements. This may require:

- closing or reducing one or more of your open Contract(s) in order to reduce your Total Margin Requirements; and/or
- depositing additional funds into your Account in order to satisfy the Total Margin Requirement.

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

MARGIN CALLS

All Margin Calls will be displayed to you in either of two ways:

- the Trading Platforms will indicate the Margin Call by sending an internal email to your Trading Platforms; and/or
- the area of the Trading Platforms that displays your balance and equity will alert you.

Margin Calls are made on a net Account basis i.e. if you have several open Contracts, then Margin Calls are netted across the group of open Contracts. In other words, the unrealised profits of one Contract will be used or applied towards the Margin Requirement for another Contract.

FFS has the right to change the applicable Margin Call Levels and Stop Out Levels at any time.

You are responsible for meeting all Margin Calls and monitoring your open Contracts. Margin Calls will be notified via the Trading Platforms, and you are required to log-in to the system on a daily basis or more often when you have open Contracts to ensure you receive notification of any such Margin Calls. Please note that if you do not check the Trading Platforms for Margin Call notifications, and hence do not meet them in a timely manner, Contracts will be closed out by FFS, without further reference to you, in accordance with the Agreements.

A Margin Call will not be considered to have been met UNLESS AND UNTIL cleared funds have been received by FFS in the nominated account AND FFS has updated the Trading Platforms (generally around 10am on the following Business Day).

Any losses resulting from FFS closing your Contracts will be debited to your Account and may require you to provide additional funds to FFS.

FFS has the right to limit the size of your open Contracts, whether on a net or gross basis under any appropriate circumstances as determined by FFS. FFS also has the right to refuse any request made by you to place an Order to establish a Contract at any time at FFS's discretion without having to give you notice.

MT4 Accounts

For MT4 Accounts, Margin Level is calculated as **the percentage of Total Equity to Total Margin Requirements**.

Margin Percentage up to 0.33%

Margin Call Level: should the Margin Level fall below 150% for MT4 Accounts with Margin Percentage up to 1:300, the Trading Platforms will automatically trigger a Margin Call.

Stop Out Level: the applicable Stop Out Level for MT4 Accounts is 90%, meaning that if the Margin Level reaches or drops below 90%, FFS is entitled to close all or some of the open Contracts without notice to you.

Margin Percentage more than 0.33%

For MT4 Accounts with Margin Percentages exceeding 1:300, the applicable Margin Level for a Margin Call and the applicable Stop Out level could be different from the above mentioned. Please contact FFS for further information.

Example 1 – Trade 1

The client has a MT4 Account with a balance of USD10,000 (this is the Total Equity), and the applicable Margin Percentage is 0.5%.

The client bought AUDUSD 1 lot (100,000) at a price of 0.8000. The Total Margin Requirement is USD400.00 (equals 100,000 x 0.80 x 0.5%).

The Margin Level is calculated as: USD10,000/USD400 x 100% = 2,500%.

If the market moves approximately 9250 points against you, your open Contract will have a floating loss of USD9,250. In this case, the Margin Level will be: (USD10,000 – USD9,250)/400 x 100% = 187.50%. This is above 150% and therefore no Margin Call will be triggered.

Example – Trade 2

The client has a MT4 Account with a balance of USD10,000 (this is the Total Equity), and the applicable Margin Percentage is 1:200.

The client bought AUDUSD 1 lot (100,000) at the price of 0.7800. The Total Margin Requirement is USD390.00 (equals 100,000 x 0.78 x 0.5%).

If the market moves approximately 7250 points in your favor, you will have an unrealised profit of USD7,250.

Example – Trade 1 and Trade 2

This unrealised profit will be applied against the floating loss for Trade 1 above, resulting in a net loss of USD2,000 (equals to USD9,250 – USD7,250).

The Total Margin Requirements for both trades is USD790 (equals USD400 + USD390). Consequently the Margin Level is (USD10,000 – USD2,000)/USD790 x 100% = 1012.658% This is above 150% and therefore no Margin Call will be triggered.

JForex Accounts

For JForex Accounts, Use of Margin is calculated as **the percentage of Total Margin Requirements to Total Equity**.

Margin Call Level – Use of Margin > 100%

When the Use of Margin exceeds 100%, you will not be allowed to increase exposure on your Account and may only be able to execute trades to reduce your risk exposure by closing or hedging the existing Positions. This is the Margin Call Level applicable for JForex Accounts.

At this level, despite the Margin Call Level being reached, your Contracts will not be closed automatically. JForex Trading Platform will cancel all placed Orders that could increase your exposure.

Stop Out Level - Use of Margin ⩾ 200%

When the Use of Margin reaches or exceeds 200%, FFS has the right (but not the obligation) to fully or partially reduce your exposure by closing existing Positions and/or by opening new Contracts in the opposite direction. The JForex Trading Platform may automatically reduce exposure so that the Use of Margin is brought to approximately 100%.

Limits on Margin Percentage imposed on weekends and market closure days

During weekends and other market closure days, FFS imposes the following limits on the Margin Percentages available to our clients:

- 1:30 for JForex Accounts with a maximum Margin Percentage less than 1:200 in non-weekends and non-market closure days; and
- 1:60 for JForex Accounts with a maximum Margin Percentage at 1:200 in non-weekends and non-market closure days.

The imposition of the above limits will assist FFS in mitigating risks caused by potential price gaps during market closure.

The above limits will be usually effective three (3) to four (4) hours before the market closure (i.e. weekend or other market closure days) until the re-opening of the market.

In relation to Friday night closure, the limits will be effective at 6:00pm (GMT) on Friday and this may cause Use of Margin to increase and you are responsible for monitoring this change. Except the limits on Margin Percentages, the general execution mechanisms of Margin Calls and Stop Out Level remain the same.

CHANGING MARGIN PERCENTAGE

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

- changing volatility and/or liquidity in the Underlying Instrument or in the financial markets generally;
- economic news;
- changes in your dealing pattern with us;
- your credit circumstances change; or
- your exposure to us being concentrated in a particular Underlying Instrument.

That there may be other circumstances which may give rise to us changing your Margin Percentage.

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

YOU MUST MONITOR MARGIN

Through the Trading Platforms, you have access to your Account and sufficient information to enable you to calculate the amount of any Margin Requirements and the total amount of Margin due from you in the Base Currency using our current exchange rate. It is your responsibility to ensure that you obtain all relevant information in respect of your Account, including all information in respect of your current open Positions. We will not be responsible for any losses you may suffer or incur as a result of you not obtaining or requesting any such information.

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

- your open Positions;
- the volatility of any relevant Underlying Instrument;
- the volatility of the relevant Underlying Market;
- the volatility of the markets generally;
- any applicable exchange rate risk; and
- the time it will take for you to remit sufficient cleared funds to us.

NO OBLIGATION TO MAKE MARGIN CALL; FAILURE TO PAY MARGIN

You can monitor your Margin Requirements using the Trading Platforms or by contacting us. You should ensure at all times, you are able to meet the Total Margin Requirements.

Your failure to pay any Margin or comply with your obligations in connection with Margin is an Event of Default. If an Event of Default occurs, we may, among other things, terminate the T&C and/or close all or any of your open Positions and deduct the resulting realised loss from your Account.

13. ORDER TYPES

FFS offers different types of Orders through the Trading Platforms. You will be able to find information about Orders that apply to you on the Trading Platforms when you log in. You should note that the Stop Loss Orders and Limit Orders are non-guaranteed Orders.

The price at which we accept an Order to trade will generally be on the basis of filling the full volume of the Order in one Contract where possible. Partially filled Orders will be filled as soon as the opportunity arises. The type of Orders and how they may be filled, if at all, will depend on the rules of the exchange where the Underlying Instruments are being traded and the pricing model you have selected. For some Contracts that you choose to trade, there may be a minimum trade value or other restrictions (e.g., pricing) that relate to a particular market.

FFS has complete discretion on whether to accept and execute any Order requested.

If one of the Events of Default specified in the T&C occurs, we may impose a limit on the number of Orders, pending or open of each Account to prevent the degradation of the Trading Platforms performance of all other clients. The limit is currently set at 100 Orders but we retain the right to change this limit.

You should discuss the operation of these Order types with one of our representatives, try them via the Demo Accounts, and/or read the user guide available on the Trading Platforms.

Market Orders
A Market Order is an Order to buy or sell at the current market price as soon as possible, i.e. if the market is closed, the Order may not be entered into until the market re-opens.
Stop Loss Orders
A Stop Loss Order allows you to specify a price at which you wish to close out or open a Contract. We will execute a Stop Loss Order when: • for a buy-order: the offer price reaches the Order price; or • for a sell-order: the bid price has reached the Order price. We note that Stop Loss Orders are not guaranteed and the execution of such Orders will depend on market volatility and liquidity. You cannot assume that you will always be able to have a Stop Loss Order, and FFS has absolute discretion whether to accept a Stop Loss Order. A Stop Loss Order is triggered automatically when the stop loss price is reached. Once the stop loss price is reached, the Stop Loss Order becomes a Market Order to buy or sell (depending on your instructions). Due to market volatility and liquidity, if it may not be possible to fill your Stop Loss Order at the price you requested FFS will fill the Stop Loss Order at the nearest available price. The Stop Loss Order could be activated by a short-term fluctuation in the markets, or in a fast moving market, the price at which the trade is executed could be much different from the Stop Loss Order price. This is known as “gapping” and is due to market movements during the time it takes to open or close Contracts. You acknowledge and agree that under the T&C we may impose a Stop Loss Order on one or more of your Contracts.

Example of a Stop Loss Order

If you wish to speculate that the price of the EURUSD will depreciate and you want to limit your loss to USD200, you can open a sell Market Order with the attached Stop Loss Order.

Assume that you opened 100,000 EURUSD Market Orders at the price of 1.3510 and set the Stop Loss Orders at 1.3530. If the market is stable and liquid, and the offer price reaches 1.3530, the Stop Loss Orders will be automatically triggered and filled. Your realised loss will be USD200 (Loss= 100,000X(1.3530-1.3510)).

Example of slippage on Stop Loss Order

In the above example of Stop Loss Orders, there is also the chance of slippage occurring on the Orders due to an event that causes fast market conditions, resulting in widened spreads and a lack of liquidity.

Assume the Stop Loss Orders have been placed at 1.3530. However, a key data such as USA Non-Farm payrolls is released while the market is trading at 1.3520. Following the release of the news with the first quote following the event being 1.3560/80 if the data or news reflected such a shift in sentiment. In these instances, Stop Loss Orders, Market Orders and Margin Calls will be executed at the best price available after the gap given the Underlying Market liquidity. This means, you will lose more than what you intended due to slippage. In this case, your loss would be USD700, instead of USD200, as the Orders would be filled at 1.3580 (Loss= 100,000 X (1.3580-1.3510)).

Limit Orders

A Limit Order may be used by you to either open or close a Contract at a predetermined price that is more favorable to you than the current market price. We will execute your Limit Order when:

- for a buy-limit order: the ask price has reached the Order price; or
- for a sell-limit order: the bid price has reached the Order price.

Once the Limit Order price is reached, the Limit Order becomes a Market Order. Similar to Stop Loss Orders, Limit Orders are not guaranteed and the execution of such Orders will depend on market volatility and liquidity.

Example of a Limit Order

If you want to speculate that the price of EURUSD will decrease after hitting a three-month peak price, instead of waiting for the market to reach this price, you place a sell Limit Order at 1.3700. This Order will trigger a sell trade once the bid price of EURUSD reaches 1.3700 or higher.

Example of positive slippage on Limit Orders

As explained in the Stop Loss Order example above, you can lose more than what you intended as placing a Stop Loss Order does not always guarantee the Order will be filled at the level intended. This can also occur on Limit Orders and may work in your favour.

Using the example of the Limit Order at 1.3700 and there is a news release with the market trading at 1.3690 just before the news release. Following the release of the news with the first quote following the event being 1.3750/70 if the data or news reflected such a shift in sentiment. In these instances, Limit Orders and Market Orders will be executed at the best price available after the gap given the Underlying Market liquidity. This would mean a fill at 1.3750 being 0.0050 points higher than the level you set and

your profits would be better, i.e. USD500 (Profit= 100,000 x 0.0050).

14. BECOMING A CLIENT

QUALIFICATION POLICY

Trading in our Products is not suitable for everyone because of the significant risks involved. This section sets out how FFS' Client Qualification Policy operates in practice.

MINIMUM QUALIFICATION CRITERIA

We assess your suitability against a list of qualifying criteria that addresses your understanding and experience with the Products. You must be aware of the features of the Products and the associated risks before investing in them. We do not accept retail investors unless you meet the minimum qualification criteria. The factors that we take into account in assessing your suitability include:

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

Our assessment of your suitability is based on the information you provide. You warrant that the information you provide to us is true and accurate in all aspects. You understand that we will rely upon the information you provide in making a judgment about whether to accept you as a client.

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

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

Even if we assess you as suitable to trade the Products, we urge you to use our Demo Accounts for a period of time to ensure you are familiar with the terminology of the Products and how they work. If in our sole judgment we consider that you have qualified, we will not be liable in any way to you, nor can you have any dealings or transactions between us set aside, modified or varied, if your experience, knowledge and understanding are found to be insufficient or that we were in error in making our judgment.

CLIENT QUALIFICATION TEST

When you start the Account opening process with us online, you will be asked the level of previous experience you have in Margin FX Contracts and CFDs. As part of the Account opening process, you will be required to demonstrate through a Client Qualification Test your understanding of the following:

- leverage, Margins and volatility;
- key features of Margin FX Contracts and CFDs;

- the trading process and relevant technology; and
- the ability to manage and monitor trading risks.

The above test must be passed with at least 50 points or a higher score to allow an Account to be opened.

Other options to demonstrate suitability

FFS allows you to open an Account with us without completing the Client Qualification Test when it is provided with any of the following:

- a copy of previous trading statement demonstrating that you traded at minimum 10 lots with another licensed broker during the past year; or
- a completion certificate which shows your completion of an approved training course for trading.

FFS has sole discretion in assessing and determining whether any documents you provided are sufficient to demonstrate your suitability.

CLIENT ON-BOARDING PROCESS

We check minimum qualification criteria as part of our client on-boarding process through the T&C and our Client Qualification Test. If you do not meet our minimum qualification criteria, one of our staff will contact you to discuss potential solutions to improve your understanding and knowledge of CFDs and Margin FX Contracts.

WRITTEN RECORDS

We document our assessment process and retain as records.

15. FUNDING YOUR ACCOUNT

You may transfer funds to us via a range of methods. Please refer to our Website for further information.

In no circumstances do we accept cash deposits.

When transferring funds to FFS you must ensure that the funds are appropriately referenced with your Account number to enable us to easily identify your funds and apply them to your Account promptly. All payments made to FFS must be free of any withholding tax or deduction.

FFS will only act on funds that have cleared, so we recommend that you maintain sufficient funds in your Account at all times to meet Total Margin Requirements and maintain your open Contracts.

FFS does not accept funds transferred from third parties, so it is your obligation to ensure that all funds transferred to us are from a bank account in a name which matches your Application Form. We may, in our absolute discretion, without creating an obligation to do so, return any funds transfer or cheque received from a third party back to the bank account from which it was transferred.

FFS will not accept any liability or responsibility for any losses that you may suffer as a result of, or arising out of, or in connection with, us returning any transfer of moneys or cheque from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the T&C.

16. HOLDING YOUR MONEY – CLIENT MONEY

TRUST ACCOUNT

We handle all Client Money we receive in accordance with and subject to the T&C and the following applicable laws (**Australian Client Money Rules**):

- Part 7.8 of Division 2 of the Corporations Act;
- the relevant regulations in the Corporations Regulations 2001;
- *ASIC Regulatory Guide 212: Client money relating to dealing in OTC derivatives*; and
- *ASIC Client Money Reporting Rules 2017.*

Client Money will be paid into a trust account maintained by us with an ADI or an approved foreign bank in accordance with the Australian Client Money Rules. We will not be liable for the insolvency or any act or omission of any ADI holding the trust account. Your moneys may be co-mingled into one or more pooled trust accounts with other clients' moneys.

We do not use Client Money for the purpose of meeting obligations incurred by us when hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by us from our own money. In addition, your Client Money is not used to meet the trading obligations of our other clients.

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

We are solely entitled to any interest or earnings derived from your moneys being deposited in a segregated trust account or invested by us in accordance with the Australian Client Money Rules with such interest or earnings being payable to us from the relevant segregated trust account or investment account, as the case requires as and when we determine.

PROTECTION AFFORDED BY THE AUSTRALIAN CLIENT MONEY RULES

Under the Australian Client Money Rules, we must hold your moneys on trust.

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

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

These rules override anything to the contrary in the Bankruptcy Act 1966, in the Corporations Act or other law, as well as the T&C.

WARNING ABOUT TRUST ACCOUNTS

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

The purpose of trust accounts is to segregate the Client Money, including your money, from our own funds. However, an individual's Client Money is co-mingled into one or more trust accounts.

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

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

WHAT IS AN UNSECURED CREDITOR?

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

17. FEES, COSTS AND CHARGES

The calculation of the price to be paid (or the payout to be received) for our Products, when the Contract is purchased or sold, will be based on our estimate of market prices and the expected level of interest rates, implied volatilities and other market conditions during the life of the financial contract and is based on a complex arithmetic calculation.

Whilst we endeavour to include all fees and charges in：

- the spread quoted for Mini Account, Classic Accounts and JForex Accounts; and
- Commissions for DMA Accounts;

there are some circumstances you may incur fees and charges.

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

- Swap Benefits and/or Charges;
- Rollover Benefits and/or Charges;
- Interest charges applied to debit balances in your Account;
- Commissions;
- Conversion Fees; and
- Administration charges.

The fees and charges may change from time to time and will be reflected in this PDS or on our Website. You should read the following pages on our Website for more information about the fees and charges applicable to each types of Account with us:

- https://www.forexfs.com.au/accounts/classic-account
- https://www.forexfs.com.au/accounts/dma-account
- https://www.forexfs.com.au/accounts/jforex-account
- https://www.forexfs.com.au/accounts/mini-account

SPREAD FOR CLASSIC ACCOUNTS, MINI ACCOUNTS AND JFOREX ACCOUNTS

For our Classic Accounts, Mini Accounts and JForex Accounts, the pricing you receive will include a spread in favour of FFS. Different spreads are used depending on the Products traded.

Please refer to the following page on our Website for more information about our target spreads: https://www.forexfs.com.au/Content/Media/ForexFS-MT4-target-spreads.pdf

COMMISSION FOR DMA ACCOUNTS

For DMA Accounts, we charge our clients a Commission for each transaction.

Our Commission charges for DMA Accounts can be found on the following link on our website https://www.forexfs.com.au/accounts/dma-account.

Commission for DMA Accounts is calculated at seven (7) units of the Base Currency of the Contract, and charged in your Account Base Currency.

For example, if you have an Account denominated in AUD, the Commission payable by you will be charged in AUD. The Commission will be charged immediately upon execution of the Contract and will be deducted from your Account in accordance with the T&C.

Example 1:

For 1 lot (100,000) of AUDUSD or AUDCAD, a Commission in the amount of AUD7 will be applied.

Example 2:

For 1 lot (100,000) of EURUSD or EURAUD, a Commission in the amount of €7 will be applied.

SWAP BENEFITS AND CHARGES

In the event of you holding a Contract overnight you may be paid or have to pay interest, which will result in you paying a Swap Charge or receiving a Swap Benefit. Swap Charge and Swap Benefit are not applicable if you open and close a Contract on the same trading day.

The amount for Swap Charge and Swap Benefit is determined by us and depends on factors including our Swap Rate, being the rates at which you receive or pay interest on Contracts that remain open overnight. This is a varying rate dependent upon the applicable rate in the relevant markets, the duration of the holding period, the size of the Contract and our mark-up that is applied at our discretion.

In the case of a Margin FX Contract, the swap process is completed and posted to your Account at Close of Business every day. You will be debited of Swap Charge or credited of Swap Benefit in your Account on a daily basis.

In the case of CFDs, the time for the debiting or crediting is dependent on the Products traded. The debiting or crediting could occur at the time that Underlying Markets closes for the trading day.

The Swap Charge applicable will be tripled for Contracts held over the Wednesday to Thursday rollover period.

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

Please refer to our Website for more information about Swap Benefit and/or Swap Charges.

Example – Swap Benefits for Margin FX Contracts

You have 100,000 AUDUSD Contracts and hold them overnight. The applicable Swap Rate is, for example, 2%. The price of AUDUSD is 1.0499 at the relevant time. Since the interest rates for AUD are higher than the interest rates for USD, the client will receive a Swap Benefit.

Based on the assumptions above:

- Closing Price = 1.0499; and
- Number of Contracts = 100,000.

The applicable Swap Rate above is 2%. This Contract is an interest earning Contract for the overnight and Swap Benefit will be received instead of Swap Charge being applied.

As such, the applicable Swap Benefit will be (1.0499 x 100,000 x 2%)/360 = $5.83, and since this is a Swap Benefit will be credited to your Account.

Example – Swap Charges for CFDs

Interest costs (imposed by way of a Swap Charge) are calculated daily on the Contracts held overnight by applying the applicable Swap Rate to the daily closing values of the Contracts. In an example of an Index CFD, the daily closing value equals to the number of Contracts multiplied by the closing price.

For example, the applicable Swap Rate, for example, is 8.00% per annum and the closing price of the share on a particular day is $2.90. The closing value for 10,000 Contracts would be $29,000 (i.e., 10,000 x $2.90). Therefore, the interest cost for the Contract for this particular day is $6.44 (i.e., $29,000 x 8.00%/360).

Swap Charges are calculated and posted to your Account on a daily basis.

ROLLOVER CHARGE OR ROLLOVER BENEFIT

A rollover will arise in a Futures Based CFD when the underlying front month futures Contract is approaching the Expiry Date and we change our pricing feed. When the new price feed takes effect, you will immediately create a gain or loss in your open trade equity. This profit or loss will depend on your Contract size and direction and the price differential of the expiring contract and the new Contract on which the price will be now based. You will be credited or debited with a Rollover Charge or Rollover Benefit that will fully offset the effect of the abovementioned profit or loss. For example, if you have made a profit on the change to the new Contract Price feed you will receive a Rollover Charge, which will offset the gain.

Rollover Charges and Rollover Benefits due will be accrued in the swap value field of the open trade Position. In the event that there are insufficient funds in your Account, any amount due to us because of the Rollover Charges becomes a debt due and owing by you to us. In order to minimise the bid/offer Spread we will typically switch from using the front month to the next serial contract one (1) to four (4) trading days prior to the Underlying Instrument's last trading day when liquidity can be limited.

For example, if you have made a profit on the change the new Contract Price feed you will receive a Rollover Charge which will offset the gain.

CONVERSION FEES

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

INTEREST CHARGES APPLIED TO BALANCES

If there is a debit balance in any currency ledger in your Account after the Total Margin Requirements for our Products valued in the currency of the Contracts have been taken into account, (i.e. you owe money to meet the Total Margin Requirements on the relevant currency ledger), you will pay us interest on the debit balance.

The relevant rates of interest are determined by us at our discretion. Any amounts of interest payable to us will be deducted from any amounts payable to you.

Further, if you fail to make any payment required under the T&C when it falls due, interest will be charged (and you will pay interest) on the outstanding sum at the rate of 10% per annum. Interest accrues and is calculated daily from the date payment was due until the date you pay in full and is compounded.

ADMINISTRATION CHARGES

We reserve the right to charge the following additional fees of an administrative nature. Our Website contains the most up-to-date fee schedule for the applicable administration charges. You shall refer to our Website for further information.

18. TAXATION IMPLICATIONS

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

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

TAXATION RULING: CONTRACTS FOR DIFFERENCE

The approach of the Commissioner of Taxation (the Commissioner) to the income tax and capital gains tax consequences of dealing in CFDs is reflected in Taxation Ruling 2005/15. We set out a summary of that ruling below.

Please note that references to CFDs in this section 20 include Margin FX Contracts and CFDs.

A copy of Taxation Ruling 2005/15 is available at www.ato.gov.au.

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

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

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

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

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

ADDITIONAL MATTERS NOT COVERED BY RULING

The following matters are also relevant when dealing in CFDs.

Capital Gains Tax

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

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

Interest

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

Interest on Debit Balances

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

Interest Paid or Received Due to Holding A CFD

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

TAXATION OF FINANCIAL ARRANGEMENTS

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

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

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

Relevantly, the Legislation does not apply to:

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

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

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

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

GOODS AND SERVICES TAX (GST) RULING

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

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

19. CHANGING YOUR MIND – COOLING OFF PROVISIONS

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

20. OUR RIGHTS AND POWERS

EVENTS OF DEFAULT

We have extensive powers under the T&C to take action where there is an Event of Default. These include, among others:

- where you fail to provide to us any Margin or other sum due under the T&C in respect of any Product;
- the Total Equity of your Account falls below the Total Margin Requirements;
- where an Insolvency Event occurs in relation to you;
- where at any time or for any period deemed reasonable by us you are not contactable;
- you do not respond to any notice or correspondence from us.

Our powers under the T&C enable us to, among other things, close out all or any of your Contracts, immediately require payment of any amount you owe us and terminate the T&C.

ADDITIONAL RIGHTS

We may also close your Account on 14 days' notice in certain circumstances in accordance with the T&C. If we rely on those rights, your Account will be suspended during the 14 day notice period and you will not be able to transact other than those to close existing open Contracts. If you have not closed all the open Contracts within the 14 days' notice period, we may take any action referred to in the T&C. The relevant circumstances are:

- any litigation is commenced involving you and us in an adversarial position to each other and, in view of the subject matter of or any issues in dispute in relation to that litigation, we reasonably decide that it cannot continue to deal with you while the litigation is pending;
- where you have acted in an abusive manner toward our staff (for example by displaying what we consider to be discourtesy or the use of offensive or insulting language); and
- where we believe that you are unable to manage the risks that arise from your trades.

Further, if at any time the Stop Out Level is reached, whilst it is not an Event of Default, we may (but are not obliged to) close some or all of your open Contracts at our absolute discretion.

We may amend or replace the T&C by giving written notice of the changes. We will make changes for reasons, including:

- making the provisions clearer or more favourable to you;
- reflecting legitimate increases or reductions in the cost of providing services to you;
- rectifying any mistakes that may be discovered;
- reflecting any changes in the applicable laws, codes of practice or decisions by a court, ombudsman, regulator or similar body;
- reflecting changes in market conditions;
- reflecting changes in the way we do business.

We may also terminate the T&C and close your Account and any Contract at any time by giving you 30 days' written notice.

FORCE MAJEURE EVENTS

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

MATERIAL ERRORS

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

- amend the terms and conditions of the Contract to reflect what we consider to have been the fair price at the time the Contract was entered into and there had been no Material Error;
- close the trade and any open Contracts resulting from it;
- void the Contract from the outset; or
- refrain from taking action to amend or void the Contract.

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

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

MANIPULATION

If we believe that you have manipulated our prices, execution processes or Trading Platforms, we may, in our sole and absolute discretion, without notice to you, take actions set out in T&C, including:

- enforce the Contract against you if it is a Contract which results in you owing money to us;
- treat some of or all your trades as void from the outset if they are trades which result in us owing money to you, unless you produce conclusive evidence (within 30 days of us giving you notice) that you have not committed any breach or warranty, misrepresentation or undertaking in the T&C;
- take such other action as we consider appropriate.

21. OUR DISCRETIONS

Under the T&C, we may exercise a variety of discretions. In exercising such discretions, we will act in accordance with the following:

- we will have due regard to our commercial objectives, which include:
    - maintaining our reputation as a product issuer;
    - responding to the market forces;
    - managing all forms of risks, including, but not limited to operational risk and market risk;
    - complying with our legal obligations as a holder of an AFSL;
- we will act when necessary to protect our position in relation to the trade or event; and

- we will take into account the circumstances existing at the time and required by the relevant provision.

22. SUPERANNUATION FUNDS

It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities which are contained in the Superannuation Industry Supervision Act 1993, and associated regulations and regulatory guidance material.

Without being an exhaustive list, following are some of the issues that should be considered by a Trustee of a complying superannuation fund:

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

23. DISPUTE RESOLUTION

FFS has an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the Complaints Officer (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in Section 2 of this PDS.

We will provide acknowledgement of receipt of written complaints within 5 business days, and seek to resolve and respond to complaints within 30 business days of receipt. We will investigate your complaint, and provide you with our decision, and the reasons on which it is based, in writing.

If you are 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 FFS is a member.

Financial Ombudsman Services Australia

Address:	GPO Box 3, MELBOURNE VIC 3001
Telephone:	1300 780 808
Facsimile:	03 9613 6399
Website:	www.fos.org.au
Email:	info@fos.org.au

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

24. PRIVACY

Your privacy is important to us. The information you provide FFS and any other information provided by you in connection with your Account will primarily be used for the processing of your Account application and for complying with certain laws and regulations. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Full details of our privacy policy are available from our website, https://www.forexfs.com.au/Content/Media/privacy-policy.pdf

25. INTERPRETATION AND GLOSSARY

INTERPRETATION

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

DEFINITIONS

Below is a list and the meaning of some words used in this PDS.

Term	**Definition**
Account	means an account you have with us.
AFSL	means the Australian Financial Service Licence held by Forex Financial Services Pty Ltd (AFSL No: 323 193).
Agreements	Means this PDS, the T&C, the FSG, the Application Form and any information on our Website or Trading Platforms, as amended, varied, or replaced from time to time, which governs our relationship with you.
AML/CTF Laws	Means the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and all regulations, rules and instruments made under that Act.
Applicable Laws	means all: a. applicable provisions of laws and regulations, including all relevant rules of government agencies, exchanges, trade and clearing associations and self-

	regulatory organisations, that apply to the parties, the Agreements and the transactions contemplated by the Agreements; and b. applicable Australian law; and c. applicable rules, regulations, customs and practices from time to time of any exchange, licensed financial market, clearing house, licensed clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or Contract and any exercise by such exchange, clearing house or other organization or market of any power or authority conferred on it.
Application Form	Means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with the AML/CTF Laws, completed by you and submitted to us.
ASIC	Means the Australian Securities and Investments Commissions.
Associate	means: a. a person who is an officer, employee, agent, representative or associate of a party; b. a Related Body Corporate of a party; and c. a person who is an officer, employee, agent, representative or associate of a Related Body Corporate of a party.
AUD or $	Means Australian dollars.
Australian Client Money Rules	Means the provisions, as modified by ASIC from time to time, in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with Client Moneys and property, and any other laws and regulations in section 16 of this PDS.
Base Currency	means the currency as agreed under clause 8.5 of the T&C.
Business Day	A day (other than a Saturday or Sunday or public holiday) on which trading banks in Sydney Australia are open for business.
CFD	Means a contract for difference that we offer to our clients from time to time under the Agreements.
CGT	Means capital gain tax.
Client Money(s)	Means the money our clients have deposited with us and held by us under the Australian Client Money Rules.
Commission	Means the fee paid to us for initiating a Contract;
Commodity	Means oil, gas or such other commodity as referred to in our Trading Platforms or the Website.
Confirmation	Document or documents confirming evidence exchanged between FFS and the client, confirming the terms of the Contract.
Contract	Means any contract, whether oral or written, including any derivative, option, future, contract for difference or other transaction relating to such financial products entered

	into by us with you.
Contract Price	means the price we offer you to trade in our Products from time to time and which is calculated by us according to the Client Agreement.
Contract Quantity	means in relation to a Contract, the number of Contract Units as the case may be, traded by you as stated in the Confirmation.
Contract Unit	means relevant unit for the type of Position you wish to trade with us in accordance with the terms of the T&C.
Contract Value	means the total value of the Position as calculated by us in accordance with the terms of the T&C.
Corporations Act	Corporations Act 2001 (Cth).
Expiry Date	Means the day on which a Contract expires.
Event of Default	Means an event described in the clause 15 of the T&C.
FOS	Financial Ombudsman Service Australia Ltd.
Force Majeure Event	Has the meaning given to it in clause 26 of the T&C.
FSG	FFS's financial services guide as amended, supplemented or updated from time to time.
Futures Based CFD	Means a CFD where the Underlying Instrument is an equity Index or a Commodity future or other future product.
GMT	Means Greenwich Mean Time;
Index	Means the market Index on which a CFD is based.
Initial Margin	Has the meaning referred to in section 12 of this PDS.
Insolvency Event	means any of the following: a) an order is made that a corporate client be wound up; b) an application is made to a court for an order: i. that a corporate client be wound up; ii. appointing a liquidator or provisional liquidator for a corporate client; c) a liquidator, provisional liquidator or controller is appointed to a corporate client; d) a resolution is passed to appoint an administrator to a corporate client; e) you enter into a deed of company arrangement or propose a reorganization, moratorium or other administration involving all or any of your creditors; f) a corporate client is dissolved or wound up in any other way; g) you are or state that you are unable to pay your debts as and when they fall due; h) you are or state that you are insolvent;

	i) you seek or obtain protection from any of your creditors under any legislation; j) you become insolvent or commit an act of bankruptcy or your estate comes within the law dealing with bankrupts; k) a bankruptcy petition is presented in respect of you or, if a partnership, in respect of one or more of the partners, or if a company, a receiver, trustee, administrative receiver or similar officer is appointed; l) if execution is levied against your business or your property and is not removed, released, lifted, discharged or discontinued within 28 days; m) you seek a moratorium or propose any arrangement or compromise with your creditors; n) any other event having substantially the same legal effect as the events specified in paragraphs ((a) to (n)) above; o) any security created by any mortgagee or charge becomes enforceable against you and the mortgagee or chargee takes steps to enforce the security or charge; p) any indebtedness of you or any of your Related Corporations becomes immediately due and payable, or capable of being declared so due and payable, prior to its stated maturity by reason of your default or the default of any of your subsidiaries, or you or any of your subsidiaries fail to discharge any indebtedness on its due date; q) you fail fully to comply with ay obligations under this Agreement or any Contract; r) any of the representations or warranties given by you are, or become, untrue; or s) we consider it necessary for our own protection or the protection of our Associates.
JForex	Means the trading platform created by Dukascopy Bank SA.
Limit Order	Has the meaning referred to in section 13 of this PDS.
Margin	means the amount you must pay to us and have in your Account to enter into or maintain a Contract with us in accordance with the T&C.
Margin Call	A demand for additional funds made to the client by FFS to meet any additional margin requirement.
Margin FX	Margin foreign exchange.
Margin Level	Means the percentage of Total Equity to Total Margin Requirements for MT4 Accounts.
Margin Percentage	Means such percentage as specified by us, and as amended by us in accordance with the T&C.
Margin Requirements	Means the amount of money you are required to pay to us and deposit with us for entering into a trade and/or maintaining an open Contract.
Market Order	Means an order placed to buy or sell a Margin FX Contract or CFD at the current price

	on the Trading Platforms or as advised to you.
Material Error	Means errors, omissions or misquotes that may occur in relation to Products.
Maximum Trading Size	means such maximum Contract Quantity or Contract Value as we may specify through our Trading Platforms from time to time for any type of Product.
Minimum Trading Size	means such minimum Contract Quantity or Contract Value as we may specify through our Trading Platforms from time to time for any type of Product.
MT4	Means the trading platform called MetaTrader 4 created by MetaQuotes. Please visit www.metaquotes.net for relevant information on the trading platform.
Order	Means an offer made by you to enter into a Contract with us under the Agreements.
PDS	Product Disclosure Statement.
Product	Means any Margin FX Contracts and/or CFDs listed on our Website at any given time, offered by us.
Related Body Corporate	Has the meaning given in the Corporations Act, with any necessary modifications for companies incorporated outside Australia.
Rollover Benefit	Means a benefit you may receive on Futures Based CFDs held overnight and which is described in clause 13.2 of the Terms and Conditions.
Rollover Charge	Means a charge you may have to pay where you have a Futures Based CFD held overnight and which is described in clause 13.2 of the Terms and Conditions.
Stop Loss Order	Has the meaning referred to in section 13.
Stop Out Level	Means the level of Margin Level and/or Use of Margin that will allow FFS the ability to close all or some of your open Contracts.
Swap Benefit	means a benefit you may receive on a Contract held overnight in a Contract (other than a Futures Based CFD) and which is described in the T&C.
Swap Charge	means a charge you may have to pay on a Contract held overnight in a Contract (other than a Futures Based CFD) and which is described in the T&C.
Swap Rate	means the rate determined by us from time to time having regard to, among things, market rates and financing rates.
Terms & Conditions or T&C	The agreement provided to you by FFS, detailing the applicable terms and conditions as amended, supplemented or updated from time to time.
Term Currency	In relation to quoting of currency pairs; the term currency is the second currency of the pair. When quoting AUDUSD, then USD is the term currency. When quoting USDJPY, then JPY is the term currency.
Total Equity	Means the aggregate of the current cash balance in your Account, taking into account of all your realised profits and losses, Commissions, Swap Charges and your unrealised profits and losses.
Total Margin	Means the sum of your Margin Requirements for all of your open Contracts.

Requirement	
Trading Platforms	Means the trading platforms we make available to you by which you may trade with us online in our Products. This includes any electronic service provided by us, for example an internet trading service offering clients access to information and trading facilities, via an internet service, a WAP service and/or an electronic order routing system and relevant software provided by us to enable you to use an electronic trading service.
Underlying Instrument	Means the product which is used as the basis for the calculation of prices for a Contract, such as a share or similar equity financial product, foreign currency, Commodity, metals, Index or other item (or any combination of one or more of those).
Underlying Market	Means the market in which the Underlying Instrument is traded.
USD	Means the lawful currency of the United States of America.
Use of Margin	Means the percentage of Total Margin Requirements to Total Equity for JForex Accounts.
Website	Means the internet address www.forexfs.com.au and includes the client portal.
We, Us or FFS	Forex Financial Services Pty Ltd (ABN 84 129 217 812).