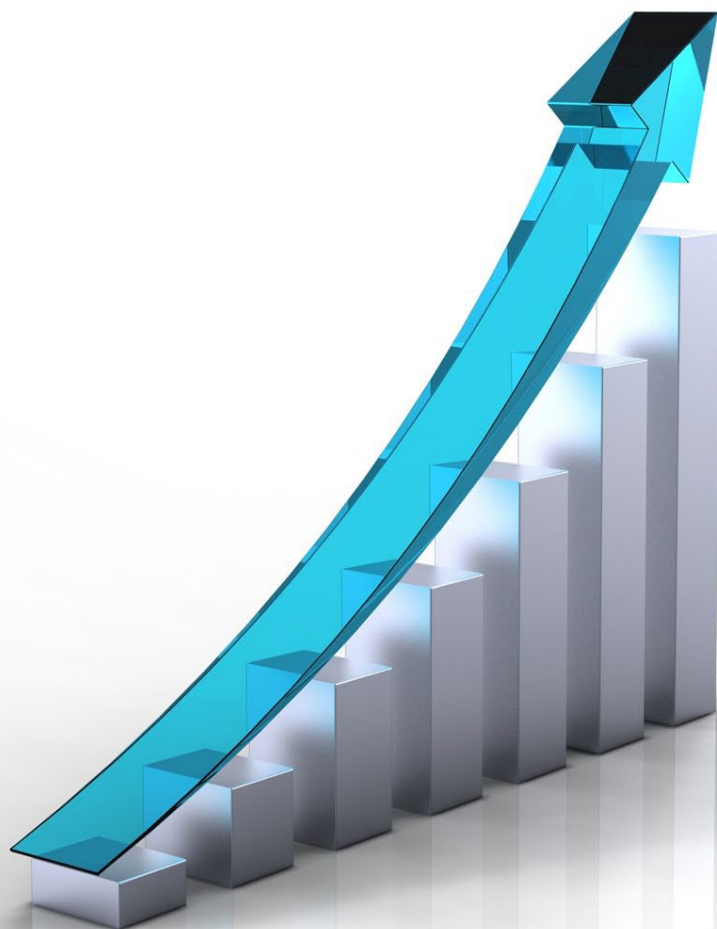


Forex TG Pty Ltd

PRODUCT DISCLOSURE STATEMENT CONTRACTS FOR DIFFERENCE



CONTRACTS FOR DIFFERENCES PRODUCT DISCLOSURE STATEMENT

Issuer: Forex TG Pty Ltd ABN 16 113 616 032, Australian Financial Services Licence No. 290108.

Section 1 - Important Information

1.1. PURPOSE OF THIS PDS

This Product Disclosure Statement (**PDS**) is dated 11 May 2011 and was prepared by Forex TG Pty Ltd ABN 16 113 616 032 AFSL 290108 (**FXTG**) as the issuer of contracts for differences (**CFDs**). It describes the key features of CFDs, their benefits, risks, the costs and fees of trading in CFDs and other related information. You should read all of this PDS.

This PDS is designed to help you decide whether the CFDs described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with similar financial products (i.e., CFDs).

Potential investors should be experienced in derivatives and understand and accept the risks of investing in CFDs. The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs. This PDS does not advise you on whether CFDs are appropriate for you. The CFDs are described in this PDS and are issued on the Account Terms. You should read all of this PDS and the Account Terms before making a decision to deal in financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS prior to entering into any transactions with us. FXTG recommends that you consult your advisor or obtain independent advice before trading in CFDs.

A Glossary is provided at section 7 on page 33.

1.2. FXTG DOES NOT GIVE PERSONAL ADVICE

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

Potential investors should be experienced in derivatives and understand and accept the risks of investing in CFDs. The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs. This PDS does not constitute personal advice to you on whether CFDs are appropriate for you.

1.3. CURRENCY OF PDS

The information in this PDS is up to date at the time it was prepared but it is subject to change at any time. Any updates will be posted on our website (www.fxtg.com.au). A copy of this PDS can be downloaded from the website or you can call FXTG to request that a paper copy be provided to you free of charge. If the new information is information which is materially adverse to you, we will either issue a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, we will not issue a new PDS or a supplementary PDS to you, but you will be able to find the updated information on our website at www.fxtg.com.au or by calling us using the contact details given in section 1.4 below.

1.4. CONTACT

FXTG can be contacted at:

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Section 2 - Features

2.1 KEY INFORMATION

Key features of CFDs are:

- They are over-the-counter derivatives issued by FXTG.
- They replicate the price movement of the Reference Security i.e., if the price of the Reference Security changes so will the CFD.
- They essentially provide for cash settlement by payment of an amount calculated by reference to changes in values of financial products, indices, currencies, commodities or other specified items (or combinations of them) (Reference Security).
- They require Margin payment by you to establish and maintain the CFD.
- They do not have an expiry date and will remain until they terminate because of the termination of the Reference Security or until you or, in its discretion, FXTG, Closes Out the open position.
- They are for investing indirectly in a range of Exchange-traded securities (“equities”) and other Reference Securities around the world.

Key benefits of CFDs are:

- They make use of the online trading platform offered by FXTG from time to time.
- The ease of access to indirect investment in a very large number of equities traded on Exchanges around the world.
- Potential to tailor your investments to meet your specific circumstances and needs, for example, potentially in smaller amounts in contrast with minimum transaction sizes based on dollar values imposed by the rules of Exchanges.
- They can allow leverage in your investments by only requiring an Initial Margin which is less than the full market value of the Reference Security.

Key risks of CFDs are:

- CFDs carry the risk of significant loss because of the leverage obtained by you paying only a Margin (i.e., less than the full market value of the Reference Security). You can lose more than the Margin you pay and you can be liable to pay more for any further shortfall on your investment which was not covered by your Margin.
- You are dealing with FXTG as principal in an over-the counter derivative so you are exposed to the risk of performance by FXTG at the time you close your CFD position. All of your Margin is payment to FXTG for its own benefit and is not held on deposit for you.
- Your recourse against FXTG is limited by FXTG’s recourse and actual recovery against its hedge counterparty, FCStone Fx, LLC (**FCStone Fx**), who is an associate used by FXTG to hedge its CFDs issued to you. You have no recourse against FCStone Fx or any other hedge counterparty of FXTG and you are dependent on FXTG’s success in recovering against the hedge counterparty and allocating that to your position. See section 3.13 - “Hedge Contracts and Limited Recourse” on page 13.

- Your payments to us are first deposited into a trust account which exposes you to the risk of being used for purposes permitted by law being purposes other than only for your own account. This is limited because FXTG regularly pays out all of your moneys from the trust account to its own account.

See section 4 -“Significant Risks” beginning on page 15.

2.2. NATURE OF A CFD

A CFD is an over-the-counter (**OTC**) agreement by which you can make a profit or loss from changes in the market price or level of a CFD’s Reference Security (e.g., an ASX traded security or an index level) without actually owning that financial product or having any indirect interest in the financial product.

Essentially, the amount of any profit or loss made on the CFD will be equal to the difference between the price of the CFD’s Reference Security when the CFD is opened and the price of the CFD’s Reference Security when the CFD is closed, multiplied by the number of the Reference Securities to which the CFD relates. The calculation of profit or loss is also affected by other payments, including payments relating to dividends declared in relation to the CFD’s Reference Security and transaction costs.

You can take both “long” and “short” CFD positions. If you take a long position, you profit from a rise in the Reference Security, and you lose if the price of the Reference Security falls. Conversely, if you take a short position, you profit from a fall in the price of the Reference Security and lose if the Reference Security price rises.

As well as dealing CFDs on equities, you can also deal CFDs on many world indices. The same principle applies - go short if you think the market index is going to fall, or go long if you think the index is going to rise. This can be useful if you want to follow a specific market trend rather than individual shares.

Index CFDs aim to reflect the fair value of the index but the actual bid and offer price may differ slightly from the actual index level. Each index is traded as a number of currency units per index point. For example if the S&P / ASX 200 index is valued at 1000 then trading 10 index CFDs would mean the value of the trade was

\$10,000. With an Initial Margin requirement of 5%, the trade would require \$500 in cleared funds to be paid into FXTG’s account before.

2.3. PURPOSE OF CFDs

People who trade in CFDs may do so for a variety of reasons. CFDs help to manage cash flow, price and market risk.

Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the CFD’s Reference Security. For example, share CFD traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the CFD’s Reference Security. CFD traders may have no need to sell or purchase the Reference Securities themselves, but may instead be looking to profit from market movements in the shares concerned.

Others trade CFDs to hedge their exposures to the CFD’s Reference Security. For example, CFDs can be used as a risk management tool to enable those with existing holdings of exchange traded options, or “short” CFD

positions to hedge their position by investing in CFDs. If the price of the Reference Security the investor holds falls, the short CFD positions will wholly or partly offset the losses incurred on the physical holdings.

The use of CFDs involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the Reference Security.

This leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. The leveraging in a CFD may lead to a loss larger than the Initial Margin and Variation Margin that you have deposited with or paid to us to establish or to maintain the CFD (see Section 5.4 – “CFD Trading Examples” on page 19 for an example of a loss made on a Transaction). For example, if you have a positive view about the prospects of a company, you could either buy 5,000 shares of the company at (say) \$5.00 and pay your broker \$25,000 (plus costs) or you could buy CFDs in respect of the company’s shares and use an Initial Margin of \$500 (plus costs).

For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the Reference Securities without the need to invest in the physical share.

2.4. TERMS

Unlike direct investments by trading on an Exchange, CFDs are not standardised. The terms of CFDs are issued on the Account Terms with FXTG.

CFDs give you no right to acquire the Reference Security. This is different from direct trading in the Reference Security where you acquire a beneficial interest in the actual financial product and so also you would get a direct interest in any shareholder rights, such as dividends and any attached dividend imputation credits and voting rights.

As the holder of a CFD, you do not have a beneficial interest in the Reference Security and you have none of the rights of a holder of that security, such as voting rights. You are not entitled to dividends or other distribution which may be paid on the Reference Security nor to direct FXTG on other decisions which may be made in respect of the Reference Security. Adjustments may be made to the balance of your Account in respect of your CFD in respect of dividends or other distributions paid in respect of the CFD’s Reference Securities.

Section 3 - How to Trade

3.1. ESTABLISHING YOUR ACCOUNT

You establish an Account by completing the application form on FXTG’s website or contacting FXTG directly. By opening an Account, you agree to the Account Terms.

3.2. OPENING A CFD

A CFD position is opened by either buying (going long) or selling (going short) a CFD. You go “long” when you buy a CFD in the expectation that the price of the Reference Security to which the CFD is referable will increase, which would have the effect that the price of the CFD would increase. You go “short” when you sell a CFD in the expectation that the price of the Reference Security to which the CFD is referable will decrease,

which would have the effect that the CFD will decline.

Prices for CFDs are quoted with a bid price and an ask price. The CFD quote given to you by FXTG allows you to buy the CFD at the higher quoted price or to close out an existing CFD at the lower quoted price.

The particular terms of each CFD are decided by you and FXTG before entering into the Transaction.

Before you enter into a CFD Transaction, FXTG will require you to pay an Initial Margin. This is paid to FXTG (and is not held on your behalf).

After you make a CFD Transaction, Confirmation of the transaction will be given to you (such as being reported online or in an online account statement or record).

3.3. TRUST ACCOUNT

Before you transfer any money to FXTG, you should carefully consider how your money will be held and used and the risks to you of depositing with FXTG.

Moneys paid by you to FXTG for CFD Transactions are initially deposited into a client moneys trust account maintained by FXTG, segregated from FXTG's own funds. In brief, that means those funds are not available to pay general creditors in the event of receivership or liquidation of FXTG.

Money held in a trust account may be withdrawn or invested in accordance with the Corporations Act, which includes when authorised by you in writing (by the Account Terms or by your specific instructions). FXTG is entitled to retain all interest earned on the money held in its trust account. You should be aware that, for client moneys trust accounts:

- individual client's moneys are not separated from each other;
- all clients' moneys are combined into one account;
- moneys and other assets in the trust account belonging to non-defaulting clients are potentially at risk of being withdrawn and not being re-paid to the client even though they did not cause the default because FXTG may use the moneys to pay itself for its hedge of your CFD Transactions (see section 3.13 - "Hedge Contracts and Limited Recourse" on page 13). Also, FXTG is permitted by law to use client moneys in the trust account to meet obligations incurred by FXTG in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives (not just these CFD Transactions) by FXTG, including dealings on behalf of people other than the client whose moneys were deposited into the trust account.

After receiving or depositing money into a trust account, FXTG will, by the terms of your Account, withdraw and transfer the funds to pay itself. In general, the funds are then used by FXTG to pay its hedge counterparty, FCStone Fx.

FCStone Fx is an associate of FXTG and is part of FCStone Group, Inc. a Fortune 500 company regulated in the United States.

3.4. YOUR PROFITS OR LOSSES

The amount of any profit or loss you make on a CFD will be based on the difference between the amount paid

for the CFD when it is issued (including fees and charges) and the amount credited to your Account when the CFD is Closed Out (including allowance for any fees and charges). Your profit or loss will also take into account other payments, such as Margin payments, adjustments for dividends declared in relation to the Reference Securities or for other corporate actions.

Worked examples explaining the potential profits and losses from CFD Transactions are provided in section 5.4 on page 19.

3.5. MARGINING OF CFDS

CFDs in general are subject to calls for payment for Margin cover. Margin cover is usually required in these cases:

- as “initial” margin, to start the trading (**Initial Margin**);
- as “variation” margin, meaning adjustments to Margin cover due to falls in the value of the financial product or Reference Security (**Variation Margin**); or
- as “maintenance” margin – to maintain the Margin cover in light of adjustments to the percentage of value of the Reference Security allowed as Margin cover or other trading platform adjustments not related to the price movements of the financial products.

The minimum Initial Margin will be set by FXTG in terms of a percentage of the Australian dollar equivalent value of the CFD Transaction. In the case of CFD Transactions, the Initial Margin immediately payable is typically between 5% to 30% but may be as high as 100%. For example, the value of a CFD might be, say, A\$220,000 and if you had bought it directly, the Initial Margin might be A\$22,000, which is 10%. The value of a CFD Transaction which is in respect of that CFD would also be A\$220,000 and FXTG is likely to set the Initial Margin (for the CFD Transaction) also at A\$22,000, which is 10% of the value of the CFD Transaction.

The Variation Margin liability is incurred at the time of the occurrence of any movement in the market that results in an unrealised loss, regardless as to if or when a call to pay more Margin is made by FXTG on you.

FXTG may decide when to call for the extra Margin cover and how much.

The Margin cover is usually provided by you paying cash to FXTG. FXTG may choose to allow your other CFDs or any other financial products as collateral for your Account. Your Account’s collateral is effectively based on cash balance in your Account and any CFDs permitted by FXTG to be counted as collateral.

Owing to the volatility of the market, the amount of required Margin cover may change after a position has been opened, requiring a further payment or Variation Margin at that time. Initial Margin amounts are calculated to cover the maximum expected movement in the market price (or level) of the Reference Security at any time. You will be required to provide the required Margin cover whether or not you receive a Margin call. In other words, you are responsible for monitoring your positions and providing the required level of Margin call. You might receive notice about Margin cover requirements by email, SMS messages or, when you access your Account online, pop-up messages on your screen, but you need to provide the Margin cover whether or not you get these messages.

In some cases the required Margin cover will change automatically at times or in cases applying to your online trading platform.

If you do not ensure you maintain the required level of Margin cover, all your positions (not just your CFDs) may be closed out and the resulting realised loss deducted from any proceeds. Any losses resulting from closing out your positions will be debited to your Account and you may be required to provide additional funds to FXTG.

It is your responsibility to provide the payment for your Margin cover in cleared funds on time. The time your moneys are credited to the trust account is insufficient since we may not use the moneys while they remain in the trust account. Your payment after withdrawal from the trust account must be credited and available to us in cleared funds after withdrawal from the trust account by the time required for you to meet your Margin cover requirements. FXTG is not responsible to you for how long it takes for your payments to FXTG from the trust account to be credited in cleared funds, so you should monitor your Account and make payments to the trust account in such times that you allow for delays in withdrawing from the trust account and then crediting your Account outside your control or FXTG's control.

Please contact FXTG for arranging your payment methods.

3.6. DAILY VALUATION

During the term of a CFD Transaction, FXTG will determine your Account's value, based on the value of the CFDs, other financial products and cash balance in your Account.

If trading in the CFD's Reference Security is suspended or halted by the relevant Exchange (or the relevant index is suspended), the CFD position will be valued by FXTG for your Account.

3.7. CLOSING A CFD

CFDs do not have an expiry date. They remain open until they are closed in accordance with the Account Terms.

If you wish to close a CFD position before it expires, you enter into a CFD Transaction which is equal and opposite to the open CFD. To do this, you contact FXTG by using the online trading platform, to determine the current market value (or level) of the Reference Security for the CFD, with the view to closing the CFD position (or part of it).

FXTG will confirm the current market value and you will then decide whether to accept the value, and if so, you would instruct FXTG to close your open position in accordance with your instructions. The total closing value is then determined by multiplying the number of CFDs by the value of the CFD's Reference Security.

If the Reference Security has its own termination or expiry date, then your CFD with that Reference Security will terminate on or before the expiry of the Reference Security unless you terminate it sooner or you give instructions in time to rollover the CFD. For example, a CFD over a futures contract traded on an Exchange usually has a fixed expiry date and usually some days before that there will be a notice issued by the Exchange of that expiry. It is your responsibility to monitor the notice dates and expiry dates of any Reference Security for your CFDs.

On the day that the CFD is closed, FXTG will calculate the remaining payment rights and obligations to reflect movements in the contract value since the previous business close (including other credits/debits). Because

you enter into a CFD Transaction to Close Out the existing CFD Transaction, there may be a Transaction Fee on the CFD Transaction used to close the position – (see section 5 -“Costs, Fees & Charges” on page 18).

FXTG decides the closing prices. In general, without limiting FXTG’s discretion, it should be expected that FXTG will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by FXTG to hedge its CFD issued to you, the closing price of the Reference Security for the CFD, any foreign currency exchange rates which are relevant due to the denomination of your CFD or Account(s) and any suspension or halt in trading of the Reference Security. In the worst case, it is possible that the closing price determined by FXTG maybe zero.

FXTG also has the right to decide to make an adjustment in any circumstance if FXTG considers an adjustment is appropriate.

FXTG has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

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

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

Settlement must occur on the agreed date. Changes to the specified date are only permitted if you and FXTG agree.

On termination of your CFD, you will be liable for the costs, fees and charges as described in this PDS (see section 5 -“Costs, Fees & Charges” on page 18). Of course, your investment might suffer a loss, depending on the marked-to-market value of your Transaction at termination compared with the total cost of your investment in that CFD up to the time of termination.

3.8. DIVIDENDS

If you hold a long CFD whose Reference Security pays dividends, you will be credited with an amount equal to the gross unfranked dividend on the relevant number of the CFD’s Reference Securities on the Business Day after the ex-dividend date (CFDs do not confer rights to any dividend imputation credits).

Conversely, if you hold a short CFD, your Account will be debited an amount equal to the gross unfranked dividend on the Reference Securities on the ex-dividend date.

The dividend reports given by FXTG record the adjustments made to your CFDs for dividends or other corporate actions affecting the Reference Securities (and do not refer to actual dividends paid by the issuer of the Reference Security).

3.9. CORPORATE ACTIONS

If there is a corporate action by the company which issues the CFD’s Reference Security relates, FXTG may in its discretion make an adjustment to the terms of the CFD in accordance with the terms of the Account. For

example, an adjustment will ordinarily be made for subdivisions, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues buy backs, in specie distributions, takeovers, schemes of arrangement or similar corporate actions, a corporate action event that has a dilutive or concentrative effect on the market value of the shares or, if the CFD relates to an index, a substantial adjustment to the composition of the index outside its own terms allowing for adjustments or weightings, a failure to publish the index or a suspension or a cancellation of the index.

While you may not direct FXTG how to act on a corporate action or other shareholder benefit (unless and until default by FXTG), FXTG aims whenever reasonably practical to give you an opportunity to participate and tell FXTG of your election. This is also subject to the terms of the particular corporate action or other shareholder benefit and so might not give you much time or as much investment return had you held the Reference Security directly.

FXTG has the right to decide to make an adjustment in any circumstance if FXTG considers an adjustment is appropriate. FXTG has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

FXTG may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. FXTG may also elect to close a CFD if the CFD's Reference Securities are the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

CFDs do not entitle you to direct FXTG on how to exercise any voting rights in connection with the CFD's Reference Security such as shares.

3.10. NO OTHER SHAREHOLDER BENEFITS

As a holder of a CFD, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct FXTG to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

3.11. DEALING

Quotes for prices for dealing in CFDs are indicative only and so are subject to the actual price at the time of execution of your CFD Transaction. There is no assurance that the CFD will actually be dealt with at the indicative quote.

Quotes can only be given and transactions made during the open market hours of the relevant Exchange on which the Reference Securities are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website or by contacting FXTG.

FXTG may at any time in its discretion without prior notice impose limits on CFDs in respect of particular Reference Securities (see section 4 - "Significant Risks" on page 15). Ordinarily FXTG would only do this if the market for the particular Reference Security has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities.

You should be aware that the market prices and other market data which you view through FXTG's online

trading platform or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices for CFDs offered by FXTG.

If you access your Account and any trading system outside of the hours when orders may be accepted, you should be aware that the orders may be processed at a later time when the relevant Exchange is open to trading, by which time the market prices might (and currency exchange values) have changed significantly.

3.12. STOP-LOSS ORDERS

We may at our discretion accept an order from you to close a CFD Transaction if our price moves to or beyond a level specified by you. This is known as a “**stop-loss order**”. You would generally choose to place a stop-loss order to provide some risk protection. For example, if your open position moves towards making a loss based on a level chosen by you, the stop-loss order would be triggered in order to try to close your open position or to open a position, depending on the CFD Transaction you have.

For example, your stop-loss order would be triggered if our bid price (for a stop-loss order that requires an order to sell a CFD) moves against you to a point that is beyond the level specified by you (and accepted by us). Conversely, for example, your stop-loss order would be triggered if our offer price (for a stop-loss order that requires an order to buy a CFD) moves against you to a point that is beyond the level specified by you (and accepted by us).

All stop-loss orders are subject to agreement by us, so you cannot be assured that you will always be able to have a stop-loss order. While FXTG has absolute discretion whether to accept stop-loss order, it will generally try to do so, subject to market conditions and the reasonableness of your stop-loss order. Your order may not be unreasonable if, but not limited to, the level you have specified is beyond the level allowed for orders for the Reference Security or trading in the Reference Security has been halted or suspended on the Exchange.

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

A **stop limit order** is a particular kind of stop loss order. A stop limit order means that the order will not get filled at all below the limit of the order. This means that if the new or opening price gaps beyond your stop limit order, your order will not be filled at all.

In any case, the stop loss order, of any kind, is not a guarantee that it will actually be made. As with any order you place and which is accepted by FXTG if that is in accordance with the Account Terms. For example, FXTG’s hedge counterparties are required to ensure there is an orderly market, so their trading may be stopped by them or modified (by way of converting a stop loss order to them to a stop limit order) in order to comply with their obligation to maintain an orderly market. That means the stop loss order you place with FXTG will be similarly affected, since FXTG hedges its CFD issued to you by making corresponding orders with its hedge

counterparties.

3.13. HEDGE CONTRACTS AND LIMITED RECOURSE

Once an order for a CFD is received, FXTG will, at or about the same time, generally make a similar transaction (in its own name, on its own account) with a related entity, FCStone Fx to hedge the transaction entered into with you, so that FXTG has little or no direct market exposure to later changes in the value of the Reference Security.

FCStone Fx is an associate of FXTG and is a company incorporated in the United States.

In order to make those transactions, FXTG is usually required to pay for its hedge or to deposit moneys with FCStone to maintain FXTG's open hedge position. FXTG funds this with the payments made to it from withdrawing all of your funds from the trust account.

The moneys withdrawn from the trust account are payment to FXTG (even if more than the required Margin). The withdrawn moneys are not held beneficially for you (see section 3.3 - "Trust Account" on page 7). (Please note that FXTG does not use your trust moneys to pay for its own principal positions. The moneys withdrawn from the trust account become owned by FXTG and so may be used by FXTG as it decides, but its policy is to use those funds to acquire and manage hedge transactions which correspond with the CFD issued to you.)

Since the general policy is to withdraw all of the funds which you deposit for your Account, typically your more significant credit risk arises when the moneys are withdrawn and paid to FXTG (rather than the risks for when your money is in the trust account - see section 3.3 - "Trust Account" on page 7). Your credit risk is on FXTG but this is affected by FXTG's dealings with FCStone Fx.

It is possible that FXTG's hedging counterparty (in this case, FCStone Fx) may become insolvent or it is possible that other clients of FCStone Fx may cause a default which reduces the financial resources or capacity for FCStone FX to perform its obligations owed to FXTG under the hedge contracts.

Since FXTG is liable to you as principal on the CFD, FXTG could be exposed to the insolvency of FCStone FX or other defaults which affects FCStone FX. FXTG limits its liability to you under the terms of the CFDs by the extent to which FXTG actually recovers against FCStone FX and allocates that to your CFD. It is important to note that under this arrangement your rights are only as against FXTG, which is the CFD issuer based and regulated in Australia.

It is therefore possible that FXTG might not fully recover from FCStone Fx due to reasons not arising from your own CFDs, or it may incur costs in seeking the recovery or choose to terminate recovery efforts early, thereby reducing the proceeds available to FXTG to allocate in its discretion to you under the CFD issued to you. It is important to understand that you have no rights or beneficial interest in a Reference Security or any contract which FXTG has with FCStone Fx and you cannot force FXTG to make any decision about seeking recovery against FCStone Fx. You are dependent on FXTG taking that action to seek recovery and how it pursues that action, although FXTG would act honestly, fairly and efficiently in deciding if and how to pursue that recovery action.

While in theory this is a significant risk to you, broadly this is economically comparable to the same risk to you if you were to deal in the market directly with the same hedging counterparties and incur your own costs of seeking recovery, perhaps in overseas jurisdictions. By dealing in these CFDs, you get the benefit of FXTG's

obligation to you as issuer of the CFD; the benefit of FXTG dealing with market participants who might not ordinarily deal with you directly.

There is a risk to you arising from FXTG's general policy to use all of the clients' payments to paying or being available to pay FCStone Fx. This is broadly similar to the risk to you arising from FXTG being allowed by the Corporations Act to use all of the moneys in the client moneys trust account for meeting any of the obligations incurred by FXTG in dealing with any derivative throughout its business, but the risk arising from using all of your moneys is reduced for you because FXTG maintains risk policies to ensure prudent management of margin requirements from all of its clients so that sufficient margin is paid by all clients and held with the hedge counterparty or, if there is an amount surplus to FCStone Fx's requirements, that surplus is maintained for FXTG.

The risks you have by dealing with FXTG (due to it being paid all of your moneys deposited into the trust account and FXTG then making corresponding hedge transaction with counterparties funded by those payments) cannot be simplistically assessed by reference to historical financial information about FXTG or FCStone Fx or general statements of principle. The credit risk which you have on FXTG depends on its solvency generally as well as on the amount (and kind) of its capitalisation, its cashflow, all of its business risks, its client and financial product concentration risks, its counterparty risks for all of its business and transactions (not just the CFDs), its risk management systems and actual implementation of that risk management. Your credit risk on FXTG will fluctuate throughout the day and from day to day, including due to the implied credit risk on hedging counterparties, whose credit risk to FXTG (and so indirectly to you) cannot be assessed or verified on a continuous basis or perhaps at all. You should take into account all of those factors and not rely only on past financial statements since that could be materially incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and credit-worthiness of FXTG. FXTG is required to prepare and lodge with ASIC within four months of the end of the annual year an annual directors report and an audited annual financial report, which are available from ASIC or by contacting FXTG.

If you require further information about FCStone Fx before deciding whether to invest in them, please contact FXTG for further information. Further information about FCStone Fx is available on request to FXTG.

3.14. CONFIRMATIONS OF TRANSACTIONS

By using the online trading platform, the Confirmation of that transaction may be obtained by accessing the daily statement online, which you can print.

Once you have entered an order into an online trading system, the system may report the main features of your transaction in a "pop-up" window. This is a preliminary notification for your convenience and is not designed to be a Confirmation as required by the Corporations Act.

If you provided FXTG with an email or other electronic address, you consent to Confirmations being sent electronically, including by way of the information posted to your Account in the online trading system. It is your obligation to review the Confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours.

3.15. MARKET CONDUCT

Some practices in placing orders can constitute market manipulation or creating a false market which is

conduct prohibited under the Corporations Act. It is the client's responsibility to be aware of unacceptable market practices and the legal implications. The client may be liable for penalties to regulators such as ASIC or be liable to FXTG for costs to FXTG arising out of those trading practices of the client which lead to the client, FXTG or any other person suffering loss or penalty.

3.16. ONLINE TRADING PLATFORM

When you use FXTG's online trading platform, you must carefully read and follow the rules for that platform. It may impose rules regarding the timing of posting Margin cover, (such as when payment is effective) or how Variation Margins are calculated (such as automatic adjustments outside of trading hours, such as during the weekend) or how orders are managed.

Section 4 - Significant Risks

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

4.1. SIGNIFICANT RISKS

You should consider these significant risks involved in CFDs:

Market risk: Financial markets such as stock markets can change rapidly; they are speculative and volatile. Prices depend on a number of factors including for example, interest rates, demand and supply, actions by the company concerned and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation.

It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the Reference Security's value over a short period.

Stop-loss orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order. For further information, see section 3.12 - "Stop-Loss Orders" on page 12.

CFDs are not futures contracts and are not covered by the protections for exchange traded contracts arising under the Corporations Act, the ASX Rules, the rules of SFE Corporation Limited or other Exchange, even if the CFD's Reference Securities are traded on one of those Exchanges.

Foreign exchange risk: Foreign currency conversions required for your Account (see Section 5 - "Costs, Fees & Charges" on page 18 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a CFD position.

Not a regulated market: The CFDs offered by FXTG are OTC derivatives and are not covered in the rules for exchange-traded derivatives, such as guarantee or compensation funds or rules applying to brokers.

FXTG and counterparty risk: You have exposure to FXTG for the performance of each CFD. This is common to all OTC financial market products.

If FXTG were to have reduced financial capacity or become under external administration, then it may be unable to meet its obligations to you in full, or at all. FXTG limits its exposure by entering into opposite transactions with FCStone Fx to hedge its exposures to you. FXTG's practice is to enter into back to back positions with FCStone Fx which correspond with FXTG's CFDs issued to you and makes its profits from the spread on prices of dealing in the CFDs, not by making a market. In addition, FXTG must comply with the financial requirements imposed on it under its AFS licence.

Since FXTG intends to have back to back positions with FCStone Fx, FXTG is exposed to the financial performance by FCStone Fx. FCStone Fx may fail to perform its obligations to FXTG, which might impact on FXTG's resources to perform its obligations to you. In order to manage the overall risks and to continue to provide efficient trading systems for CFDs at a reasonable cost, FXTG limits its exposure to you under CFDs by the amount it actually recovers against its counterparties (see section 3.13 - "Hedge Contracts and Limited Recourse" on page 13) and as it allocates to your CFDs.

Client Moneys Trust Account: For so long as your moneys are held in the trust account, you have the risk that the moneys may be withdrawn and not be re-paid to you because the moneys may be used for purposes other than in respect of your CFD (see the description of the risks under section 3.3 - "Trust Account" on page 7), namely:

- the risk of being withdrawn and not being re-paid to you because FXTG may use the moneys to pay itself for its hedge of your CFD (see section 3.13 - "Hedge Contracts and Limited Recourse" on page 13);
- the risk of being withdrawn and not being re-paid to you because FXTG may use the moneys in the trust account to meet obligations incurred by FXTG in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives (not just CFDs) by FXTG, including dealings on behalf of people other than the client whose moneys were deposited into the trust account.

Online trading platform: You are responsible for the means by which you access on the online trading platform or your other contact with FXTG. If you are unable to access the online trading platform, it may mean that you are unable to trade in CFDs (including closing them out) and you can suffer a profit or loss as a result.

FXTG may also suspend the operation of the online trading platform or any part of it, without prior notice to you. Although this would usually only happen in unforeseen and extreme market situations, FXTG's discretion is not limited. If the online trading platform is suspended, you may have difficulty contacting FXTG, or at all, or your orders may not be able to be executed at prices quoted to you.

FXTG may impose volume limits on client accounts or filters on trading, which could prevent or delay execution of your orders, at your risk. You have no recourse against FXTG in relation to the availability of the online trading platform nor for their errors and software.

Margin risk: You could sustain a loss, greater than and not limited to, the Initial Margin and Variation Margin that you have deposited with us to establish or maintain a CFD. If the Reference Security's value moves against your CFD position, you are responsible for monitoring and meeting the Margin cover requirements.

Your obligation to meet the Margin cover is not dependent on FXTG giving you notice of that (i.e., a "Margin call"). You may be required to deposit with us a Variation Margin in order to maintain your position. The amount of the Variation Margin may be substantial.

If you fail to provide those additional funds within the required time, your entire position may be liquidated at a loss and you will be liable for any shortfall in your Account resulting from that failure.

If a position is Closed Out, all of it may be closed not just a proportion needed to cover the Margin call.

There is no limit on the amount of Margin which may be called in order to meet a revised valuation of your transaction.

Leverage: The high degree of leverage that is involved in CFDs because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. As mentioned above under “Margining”, the leveraging in a CFD may lead to a loss larger than the Initial Margin and Variation Margin that you have deposited with or paid to us to establish or to maintain the CFD.

Our powers on default, indemnities and limitations on liability: If you fail to pay, or provide security for, amounts payable to FXTG or fail to perform any obligation under your Transactions, FXTG has extensive powers under the Account Terms with you to take steps to protect our position including, for example, the power to Close Out positions and to charge default interest. Under the Account Terms you also indemnify FXTG for certain losses and liabilities, including, for example, in default scenarios.

Further, FXTG’s liability to you is expressly limited (to the extent permitted by law) to performing its obligations. You should read the Account Terms carefully to understand these matters.

Operational risk: There is always operational risk in a CFD Transaction. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction. We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the online trading platform or in the provision of data by third parties.

4.2. GENERAL RISKS

FXTG strongly recommends that, if you are not fully familiar with CFDs, you obtain independent legal, financial and taxation advice before proceeding with a transaction.

Further, FXTG recommends that you should consider the following:

- It is your responsibility to understand the nature and risks associated with each Transaction.
- In entering into any Transaction, neither FXTG nor any of its representatives will advise you, or is to be taken as advising you, as to any strategy, risk profile or financial result.
- CFD trading is highly speculative and volatile. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.
- Past performance of markets, and currencies in particular, is never an assurance of future performance.
- The value of your Account may fluctuate according to exchange rates and interest rates, as well as other market conditions which are outside of your control and which cannot be forecast.
- Trading with FXTG may give rise to actual or potential conflicts of interests, because FXTG is acting as principal in its CFD Transactions with you and also because it may be transacting with other persons, at different prices or rates, or FXTG will be trading with banks and other market participants. The policy used by FXTG is that as principal it issues the CFD to you based on the price it gives you, not

by acting as broker to you. FXTG obtains its price by dealing with its own hedge counterparty, FCStone Fx.

- Information about prices or rates may come from several sources and may not be current at the time given to you. FXTG does not take responsibility for information about rates or other financial market data or statements and FXTG relies on your acknowledgment that you do not rely on any such information given to you or discussed with you. FXTG only undertakes to perform the Transaction agreed with you at the price or rate for that Transaction, and not at any other price or rate available in the market.
- The CFDs are valued by FXTG. Typically this is by direct reference to the market value (or, if relevant, index level) of the relevant Reference Security on the relevant Exchange. If the Exchange fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Reference Security is halted or suspend, FXTG may exercise its discretion to determine a value. Due to the nature of CFDs, in common with industry practice for such financial products, FXTG's discretion is unfettered and so has no condition or qualification. You therefore have the risk of relying on whatever value is determined by FXTG in the circumstances permitted by the Account Terms.

Section 5 - Costs, Fees & Charges

5.1. CFD TRANSACTION FEES

We charge a Transaction Fee on each CFD. Our rates vary depending on the type and level of service required, and the frequency and size of transactions. The standard fee for CFDs you will be charged per Transaction is typically between 0.1% and 0.5% of the value of the Transaction and is up to a maximum of 1%. The fee accrues immediately upon execution of the trade, and will be reflected in the execution price in accordance with the Account Terms. Please remember that because you enter into a CFD Transaction to Close Out the existing CFD Transaction, there may be a Transaction Fee on the CFD Transaction used to close the position.

5.2. FINANCE CHARGES/CREDIT

For CFDs, there is no Finance Charge specifically on the CFD. The Finance Charge is applied to your Account if the Withdrawable Funds of it is negative.

The Finance Charge is calculated on the Account, which might have other CFDs or other financial products such as foreign exchange OTC Transactions (depending on what you have traded).

The value of the Withdrawable Funds is the amount calculated by FXTG as the amount of cash which would be paid to you from the Account if requested. For CFDs covered by this PDS, the Withdrawable Funds of the Account being:

- the cash balance of the Account;
- plus the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Account; and
- minus the value of all Margin cover requirements for all Transactions on the Account.

(The amount is subject to final adjustment by FXTG at any time including immediately after payment of cash to you for any reason whatever, including changes in value or level of Reference Securities, interest rates,

currency rates, and unposted (or unreported) but accrued Finance Charges or Transaction Fees.)

Applying the Finance Charge in this way benefits you by charging a Finance Charge only on the overall positions you have. Since the Withdrawable Funds of the Account is calculated on open trade positions on your Account, it is important for you to make sure that sufficient cash is credited to your Account.

The Finance Charge debited to your Account will be calculated using the Base Rate (see definition in Glossary on page 32) applied to the negative amount of Withdrawable Funds.

For example, if the Withdrawable Funds is negative A\$10,000 for 5 days and assuming the Base Rate is 5.5% p.a., then the Finance Charge will be calculated as $AUD\$10,000 \times (5.5\%/365 \text{ days} \times 5\text{days}) = A\7.53 or A\$0.021 per day.

A Finance Charge may be imposed if you have not paid FXTG any amount you are required to pay, such as an overdue payment to close an Account. The rate of Finance Charge for such shortfall is the Base Rate plus 4% p.a.

5.3. EXTERNAL FEES, TAXES AND CHARGES

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

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

5.4. CFD TRADING EXAMPLES

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

Example of Going Short on Share CFDs

Example of Going Short and making a profit on share CFDs			
You opened an account with FXTG and your account has an opening balance of A\$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	$10,000 \times 120.88 =$ GBP12,088.00 @0.4800 =AUD25,183.33	Opening Equity	A\$10,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88			

You will pay \$25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	$10,000 \times 120.88 \times 0.1\% =$ $GBP12.09 @0.4800 =$ $AUD25.19$ $=\text{Equity balance}$ $\$10,000 - \$25.19 =$ $\$9,974.81$	Total Equity	A\$9,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,518.33	$10,000 \times 120.88 \times 10\%$ $= GBP1,208.80$ $@0.4800 = A\$2,518.33$	Margin Requirement	A\$2,518.33
Free Equity is your Total Equity less your Margin Requirement	$\$9,974.81 - \$ 2,518.33 =$ $\$7256.48$	Free Equity	A7,456.48
You decided to hold the position overnight. The closing price for VODAFONE Share CFD for the day was 120.88, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%

Day 2

The Next Day	Calculation	Account Display	
Your account will be credited with A\$0 for the Overnight Financing Charge because you were Short Share CFD	$GBP12,088 \times 0\% \times 1$ $\text{day}/365$	Total Equity	A\$9,974.81
At 11:30 a.m. London time because of worse than expected earnings announcement, the share VODAFONE had fallen to 111.88	Unrealised Profit: $(120.88 - 111.88) \times 10,000$ $=GBP900.00 @0.4800$ $=A\$1,875.00$	Total Equity	A\$11,849.81
Your position is marked to market at 111.88	New Equity Balance: $\$9,974.81 + \$1,875.00$ $=\$11,849.81$		
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: $10,000 \times 111.88 \times 10\%$ $=GBP1,118.80 @0.4800$ $=A\$2,330.83$	New Margin Requirement	A\$2,330.83
Free Equity is your Total Equity less your margin requirement	$\$11,849.81 - \$2,330.83 =$ $\$9,518.98$	Free Equity	A\$9,518.98

At 3:45 p.m. you decided to close your position. The market is quote at 110.43/110.88			
Closing the Position	Calculation	Account Display	
You buy 10,000 VODAFONE Share CFDs at 110.88 market offer price	$10,000 \times 110.88 = \text{GBP}11,088.00$	Total Equity	A\$9,952.12
You will pay \$22.69 commission at the rate of 0.1% This amount if deducted from your total equity balance	$10,000 \times 110.88 \times 0.1\% = \text{GBP}11.09$ $@0.4800 = \text{A\$}22.69$ New Equity balance $\text{\$}9,974.81 - \text{\$}22.69 = \text{\$}9,952.12$		
Realised Profit	$(120.88 - 110.88) \times 10,000 = \text{GBP}1,000$ $@0.4800 = \text{A\$}2,083.33$ New Equity Balance: $\text{\$}9,952.12 + \text{\$}2,083.33 = \text{\$}12,035.45$	Total Equity	A\$12,035.45
Initial Margin Requirement will be zero because you have closed your position	N/A	Margin Requirement	A\$0.00
Free Equity is your Total Equity less your margin requirement	$\text{\$}12,035.45 - \text{\$}0 = \text{\$}12,035.45$	Free equity	A\$12,035.45

In this example, you were right in predicting VODAFONE will go down. After commission and financing charges you would have made A\$2,035.45 profit. However, if your prediction was wrong and the price of VODAFONE had moved in the opposite direction by an equal amount, your loss would have been A\$2,135.79. Please see the example below for how this loss is calculated.

Example of Going Short and making a loss on share CFDs			
You opened an account with FXTG and your account has an opening balance of A\$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	$10,000 \times 120.88 = \text{GBP}12,088.00$ $@0.4800 = \text{AUD}25,183.33$	Opening Equity	A\$10,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88			
You will pay \$25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	$10,000 \times 120.88 \times 0.1\% = \text{GBP}12.09$ $@0.4800 = \text{AUD}25.19$ =Equity balance $\text{\$}10,000 - \text{\$}25.19 = \text{\$}9,974.81$	Total Equity	A\$9,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,518.33	$10,000 \times 120.88 \times 10\% = \text{GBP}1,208.80$ $@0.4800 = \text{A\$}2,518.33$	Margin Requirement	A\$2,518.33
Free Equity is your Total Equity less your Margin Requirement	$\text{\$}9,974.81 - \text{\$}2,518.33 = \text{\$}7,456.48$	Free Equity	A7,456.48

You decided to hold the position overnight. The closing price for VODAFONE Share CFD for the day was \$22.95, the same as your sell price.

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%

Day 2

The Next Day	Calculation	Account Display	
Your account will be credited with A\$0 for the Overnight Financing Charge because you were Short Share CFD	$GBP12,088 \times 0\% \times 1 \text{ day}/365 = GBP0.00$	Total Equity	A\$9,974.81
At 11:30 a.m. London time because of better than expected earnings announcement, the share price of VODAFONE had risen to 129.88	Total Equity	Total Equity	A\$8,099.81
Your position is marked to market at 129.88			
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: $10,000 \times 129.88 \times 10\%$ $=GBP1,298.80 @0.4800$ $=A\$2,705.83$	New Margin Requirement	A\$2,705.83
Free Equity is your Total Equity less your margin requirement	$\$8,099.81 - \$2,705.83$ $=A\$5,393.98$	Free Equity	A\$5,393.98

At 3:45 p.m. London time you decided to close your position. The market is quoted at 129.43/130.88

Closing the Position	Calculation	Account Display	
You buy 10,000 VODAFONE Share CFDs at 130.88 market offer price You will pay \$ commission at the rate of 0.1% This amount if deducted from your total equity balance	Contract Value: $10,000 \times 130.88 = GBP13,088.00$ $10,000 \times 130.88 \times 0.1\% = GBP13.09 @0.48.00 = A\27.27 New Equity balance $\$9,974.81 - \$27.27 = \$9,947.54$	Total Equity	A\$9,947.54
Realised Loss	$(120.88 - 130.88) \times 10,000 = GBP1,000 @0.48.00 = A\$2,083.33$ New Equity Balance: $\$9,947.54 - \$2,083.33 = \$7,864.21$	Total Equity	A\$7,864.21
Initial Margin Requirement will be zero because you have closed your position	N/A	Margin Requirement	A\$0.00

Free Equity is your Total Equity less your margin requirement	$\$7,864.21 - \$0 = \$7,864.21$	Free Equity	A\$7,864.21
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In this example, you were wrong in predicting VODAFONE will go down. After commission and financing charges you would have made A\$2,135.79 loss.

Example of Going Short on share CFD with Margin Call

Example of Going Short and going into margin call on share CFDs			
You opened an account with FXTG and your account has an opening balance of A\$5,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	$10,000 \times 120.88 =$ GBP12,088.00 @0.4800	Opening Equity	A\$5,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88	$=AUD25,183.33$		
You will pay \$25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	$10,000 \times 120.88 \times 0.1\% =$ GBP12.09 @0.4800 = AUD25.19 =Equity balance $\$10,000 - \$25.19 = \$9,974.81$	Total Equity	A\$4,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,518.33	$10,000 \times 120.88 \times 10\% =$ GBP1,208.80 @0.4800 = A\$2,518.33	Margin Requirement	A\$2,518.33
Free Equity is your Total Equity less your Margin Requirement	$\$9,974.81 - \$2,518.33 =$ \$7256.48	Free Equity	A2,456.48
You decided to hold the position overnight. The losing price for WBC Share CFD for the day was \$22.95, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%

Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with A\$0 for the Overnight Financing Charge because you were Short Share CFD	$GBP12,088 \times 0\% \times 1 \text{ day}/365 =$ GBP0.00	Total Equity	A\$4,974.81

At 11:30 a.m. London time because of better than expected earnings announcement, the share price of VODAFONE had risen to 135.88	Unrealised Loss: $(120.88 - 135.88) \times 10,000 =$ GBP1,500 @0.48.00 = A\$3,125.00	Total Equity	A\$1,849.81
Your position is marked to market at 135.88.	New Equity Balance: $\$4,974.81 - \$3,125.00 =$ \$1,849.81		
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: $10,000 \times$ $135.88 \times 10\% = \text{GBP}1,358.80$ @0.4800 = A\$2,830.83	New Margin Requirement	A\$2,830.83
Free Equity is your Total Equity less your margin requirement	$\$1,849.81 - \$2,830.83 = -$ A\$981.02	Free Equity	- A\$981.02
As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A\$981.02

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the price of Vodafone keeps going up during the day. Please refer to the following example.

Example of Going short and going into further Margin Call on Share CFD			
At 12 p.m. London time the price of Vodafone Share CFD had risen to 137.88			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Contract Value: $10,000 \times 137.88 = \text{GBP}13,788.00$ Unrealised Loss: $(120.88 - 137.88) \times 10,000$ $= \text{GBP}1,700.00 @0.48.00 =$ A\$3,541.67 New Equity: $\$4,974.68 - \$3,541.67 =$ \$1,433.01	Total Equity	A\$1,433.01
Your Margin Requirement	$10,000 \times 137.88 \times 1\% =$ GBP1,378.80 @0.48.00 = A\$2,872.50	Margin Requirement	A\$2,872.50

Free Equity is your Total Equity less Margin Requirement	$A\$1,433.01 - \$2,872.50 = -A\$1,639.30$	Free Equity	-A\$1,439.49
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A\$1,439.49

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

Going Long on Share CFD

Example of Going Short and going into margin call on Share CFDs			
You opened an account with FXTG and your account has an opening balance of A\$5,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	$10,000 \times 120.88 = \text{GBP}12,088.00$ $@0.4800 = \text{AUD}25,183.33$	Opening Equity	A\$5,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88			
You will pay \$25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	$10,000 \times 120.88 \times 0.1\% = \text{GBP}12.09$ $@0.4800 = \text{AUD}25.19 = \text{Equity}$ balance \$10,000 - \$25.19 = \$9,974.81	Total Equity	A\$4,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,518.33	$10,000 \times 120.88 \times 10\% = \text{GBP}1,208.80$ $@0.4800 = \text{A\$}2,518.33$	Margin Requirement	A\$2,518.33
Free Equity is your Total Equity less your Margin Requirement	$\$9,974.81 - \$2,518.33 = \$7,456.48$	Free Equity	A2,456.48

You decided to hold the position overnight. The closing price for WBC Share CFD for the day was \$22.95, the same as your sell price.

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%

Day 2

The Next Day	Calculation	Account Display	
Your account will be credited with A\$0 for the Overnight Financing Charge because you were Short Share CFD	$GBP12,088 \times 0\% \times 1 \text{ day} / 365 = GBP0.00$	Total Equity	A\$4,974.81
At 11:30 a.m. London time because of better than expected earnings announcement, the share price of VODAFONE had risen to 135.88	Unrealised Loss: $(120.88 - 135.88) \times 10,000 =$ $GBP1,500 @ 0.4800 =$ A\$3,125.00	Total Equity	A\$1,849.81
Your position is marked to market at 135.88	New Equity Balance: $\$4,974.81 - \$3,125.00 =$ -\$1,849.81		
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: $10,000 \times 135.88 \times 10\% =$ $GBP1,358.80 @ 0.4800 =$ A\$2,830.83	New Margin Requirement	A\$2,830.83
Free Equity is your Total Equity less your margin requirement	$\$1,849.81 - \$2,830.83 =$ -A\$981.02	Free Equity	- A\$981.02
As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A\$981.02

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the price of Vodafone keeps going up during the day. Please refer to the following example.

Example of Going short and going into further Margin Call on Share CFD

At 12 p.m. London time the price of Vodafone Share CFD had risen to 137.88

	Calculation	Account Display
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Your account is marked to market at the current market price which will change your account balance	Contract Value: $10,000 \times 137.88 =$ GBP13,788.00 Unrealised Loss: $(120.88 - 137.88) \times 10,000 =$ GBP1,700.00 @0.4800 = A\$3,541.67 New Equity: $\$4,974.68 - \$3,541.67 =$ \$1,433.01	Total Equity	A\$1,433.01
Your Margin Requirement	$10,000 \times 137.88 \times 1\% =$ GBP1,378.80 @0.48.00 = A\$2,872.50	Margin Requirement	A\$2,872.50
Free Equity is your Total Equity less Margin Requirement	$A\$1,433.01 - \$2,872.50 =$ -A\$1,639.30	Free Equity	-A\$1,439.49
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A\$1,439.49

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

Going Long on Share CFD with Margin Call

Example of Going Long and going into margin call on Share CFDs			
You maintain an account with FXTG and your account has a total equity balance of A\$5,000			
Day 1			
Opening a position	Calculation	Account Display	
The price of Vodafone share CFD is 120.88 (bid price/121.33 (offer price)	$10,000 \times 121.33 \text{ p} = \text{GBP}12,133.00$ @0.4800 Equivalent to AUD25,277.08	Opening Balance A\$5,000	
You buy 10,000 Vodafone share CFDs at the offer price of 121.33			
You will pay \$25.27 commission at the rate of 0.1%	$10,000 \times 121.33 \times 0.1\% = \text{GBP}12.13$ @0.4800 equivalent to AUD25.27	Total Equity	A\$4,974.73
This amount is deducted from your total equity balance	New Equity balance: $\$10,000 - \$25.27 = \$9,974.73$		

Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,296.00	$10,000 \times 121.33 \times 10\% =$ GBP1,213.30 @0.48 equivalent to AUD2,527.71	Margin Requirement	A\$2,527.71
Free Equity is your Total Equity less your Margin Requirement	$\$4,974.73 - \$2,527.71 = \$2,447.02$	Free Equity	A\$2,447.02

You decide to hold the position overnight. The closing price for WBC Share CFD for the day was \$22.96, the same as your purchase price. However, the US Stock market has plummeted 4% due to a much worse than expected US employment figure.

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR plus 2%

Day 2

The Next Day	Calculation	Account Display	
Your account will be debited with A\$2.08 for the Overnight Financing Charge because you were Long Share CFD	$GBP12,133 \times 3.0\% \times 1 \text{ day}/365 =$ GBP1.00 @0.48.00 = AUD2.08 New Equity Balance: $\$4,974.73 - \$2.08 = \$4,972.65$	Total Equity	A\$4,972.65
At 11:30 a.m. London time because of worse than expected earnings announcement, the share price of Vodafone had fallen to 106.33	Unrealised Loss: $(106.33 - 121.33) \times 10,000 =$ GBP1,500.00@0.4800 = AUD3,125.00 New Equity Balance: $\$4,972.65 - \$3,125.00 = 1,847.65$	Total Equity	A\$1,847.65
Your position is marked to market at 106.333	Margin Requirement: $10,000 \times 106.33 \times 10\% =$ GBP1,063.30 @0.4800 = AUD2,215.21	Margin Requirement	A\$2,215.21
Your free equity is total equity less your margin requirement	$A\$1,847.65 - \$2,215.21 = -$ \$492.55	Free Equity	- A\$492.55
As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A\$492.55

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the Vodafone keeps falling during the day. Please refer to the following example.

Example of Going Long and going into further Margin Call on Margin Foreign Exchange			
At 12 p.m. London time the price of Vodafone Share CFD falls to 104.33/104.88			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Contract Value: 10,000 x 104.33 = GBP10,433.00 Unrealised Loss: (104.333 - 121.33) x 10,000 = GBP1,700.00 @0.4800 = A\$3,541.67 New Equity: \$4,972.65 = \$3,541.67 = \$1,430.98	Total Equity	A\$1,430.98
Your Margin Requirement	10,000 x 104.33 x 10% = GBP1,043.30 @0.4800 = A\$2,173.54	Margin Requirement	A\$2,173.54
Free Equity is your Total Equity less Margin Requirement	A\$1,430.98 - \$2,173.54 = - \$742.56	Free Equity	- A\$742.56
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A\$742.56

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

5.5. NOTES TO ALL EXAMPLES IN THIS PDS:

- The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
- The worked examples illustrate in dollar terms how trading incurs fees (including FXTG's fees), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
- The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
- Margin requirements, interest rates and external charges may of course change at any time.

Section 6 - General Information

The legal terms governing your dealing in CFDs with FXTG are set out in the Account Terms.

You will need to have an Account with FXTG which you make by applying on FXTG's application form on our

website.

The Account Terms have the legal terms for your dealings with us for the products covered by this PDS and also the dealings in other financial products which are not covered by this PDS. By opening an Account with us you agree to the Account Terms.

6.1. ACCOUNTS DENOMINATED IN FOREIGN EXCHANGE

Your Account may be denominated in Australian dollars and or any other currencies permitted by FXTG from time to time.

If you make a Transaction denominated in a currency different from the denomination of your Account currencies, FXTG will not convert the currency value of your Transaction into the selected currency which may be your local currency but will remain in the currency of the transaction provided an account designated in the similar currency has been set up. A specific instruction from the client is required and the calculation will generally only occur on a monthly basis at month end if your Account is traded over the desk.

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

6.2. QUERIES AND DISPUTES

Any disputes about a Confirmation must be brought to our attention within 48 hours of the Confirmation being issued. Any disputes about Transactions terms must be brought to our attention within fifteen (15) Business Days of the fee being applied. Please see section 6.10 - "Dispute Resolution" on page 32.

6.3. ABOUT FXTG

FXTG is the holder of Australian Financial Services Licence (AFSL) No. 290108 and authorised to (among other things) make a market in the following financial products:

- Derivatives; and
- Foreign exchange contracts.

Further information about FXTG is available on its website at www.fxtg.com.au.

6.4. FXTG INSURANCE

FXTG is covered by compensation arrangements which satisfy the requirements of section 912B of the Corporations Act 2001 (Commonwealth). Subject to its terms and conditions, these arrangements cover certain clients for loss or damage suffered as a result of breaches of the relevant obligations of FXTG, its employees and representatives in relation to its AFS licence.

Subject to its terms and conditions, the compensation arrangements also cover certain breaches by the employees and representatives of FXTG at the relevant time.

If the insurance policy is insufficient or the insurer fails to performance obligations, FXTG may not be able to make the payments it owes to you.

6.5. TAXATION IMPLICATIONS

CFDs will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products. The following information should be regarded as general information only.

(a) Australian Taxation Regime for CFDs

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs. A copy of Taxation Ruling 2005/15 is available from the ATO's website www.ato.gov.au. Potential investors should note that this is a public ruling that the purpose of Part IVAAA of the Taxation Administration Act 1953 (Commonwealth) and therefore, if the ruling applies to the investor, the Commission of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall. The following statements do not set out all of the content of the Taxation Ruling and there might be other taxation aspects that are relevant to your particular circumstances.

(b) Profits and Losses on CFDs

Any gains derived or losses incurred by you in respect of a CFD ordinarily should be included in your assessable income. When calculating the amount of profit or loss, you need to consider the difference between the closing value and the open contract value and any fees, and dividends or other distribution amounts on open positions paid or received by you. If you hold your CFDs for the purpose of trading, you should seek independent taxation advice relevant to your circumstances.

(c) Dividends and Imputation credits

CFDs themselves do not pay dividends nor carry imputation credits. Adjustments are made for the gross amount of dividends paid on the Reference Security (see section 3.8 - "Dividends" on page 10) which therefore is taken into account in determining the overall profit or loss on the CFD.

(d) Tax File Number Withholding Rules

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

(e) GOODS AND SERVICES TAX

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of CFDs are not subject to goods and service tax, in accordance with Australian Taxation Office Ruling GSTD 2005/3, available from www.ato.gov.au.

6.6. OTHER FEES, CHARGES OR COMMISSIONS

If the CFD gives rise to gains that are assessable or losses that are deductible, any fees other than charges or commissions ordinarily should be available as a deduction at the time they are paid by the investor and debited against their Account.

6.7. COOLING OFF

There is no cooling off arrangement for CFDs. This means that you do not have the right to return the CFD, nor request a refund of the money paid to acquire the CFD. If you change your mind after entering into a CFD with FXTG, you must close it out, and take the risk of transaction costs and a loss incurred in doing so.

6.8. ETHICAL CONSIDERATIONS

CFDs made for your Account do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into account by FXTG when making, holding, varying or ending CFDs.

6.9. JURISDICTIONS

The CFDs offered by this PDS are available only to persons receiving the PDS in Australia.

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

6.10. DISPUTE RESOLUTION

FXTG wants to know about any problems you may have with its service so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please see the document "Dispute Resolution and Complaints Handling Policy" available on FXTG's website or by contacting your advisor, and then take the following steps:

- 1) Contact FXTG and tell us about your complaint. You may do this by telephone, facsimile, email or letter.

We will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within 15 Business Days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 45 days of receipt of your written complaint.

- 2) If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service Ltd (**FOS**), if your complaint is within its rules. FOS is an external dispute resolution scheme. The contact details for FOS are:

Financial Ombudsman Service

G.P.O. Box 3

Melbourne VIC 3001

Telephone 1300 780 808

www.fos.com.au

We are a member of the FOS complaints resolution scheme. The service to you is free.

- 3) The Australian Securities and Investments Commission (ASIC) also has an Infoline on (Ph 1300 300 630) which you may use to make a complaint and obtain information about your rights.

6.11. PRIVACY

FXTG has a Privacy Policy which describes its obligations in managing the personal sensitive information of clients, potential clients and orders. A copy of our Privacy Policy is available on our website at www.fxtg.com.au.

Section 7 - Glossary

Account means your Account with FXTG established under the Account Terms.

Account Terms means the terms of your Account with FXTG by which you deal in Transactions.

ASX means the securities and other Exchanges operated by ASX Limited (including, when applicable the SFE).

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

Base Rate means the amount nominated by FXTG for this term from time to time, as notified to you or posted on its website.

Business Day means a weekday which is not a gazetted public holiday in Sydney.

CFD means a contract for the parties to pay in cash the difference in prices of securities on the terms of the Account Terms, whose term continues until the closing date.

Client refers to the person who has an Account with FXTG.

Closed Out in relation to a CFD Transaction mean discharging or satisfying the obligations of the parties under the CFD Transaction and this includes:

- a) by delivering the amount or value of the Reference Security (including a dollar multiple of an index)
- b) required in accordance with the Account Terms;
- c) as a result of the matching up of the CFD Transaction with a CFD Transaction of the same kind under which you have assumed an offsetting opposite position; and
- d) making adjustments for fees and charges.

Confirmation means any confirmation of a Transaction issued by us or on our behalf to you and includes an electronically transmitted confirmation.

Exchange means the Sydney Futures Exchange operated by Sydney Futures Exchange Limited (ABN 83 000 943 377), the Australian Securities Exchange operated by ASX Limited, the Options Clearing House operated by Australian Clearing House Pty Limited (ABN 48 001 314 503), or any other exchange or market in which FXTG participates from time to time, whether directly or through agents or other market participants.

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the Account Terms.

FXTG means Forex TG Pty Ltd ABN 16 113 616 032 Australian Financial Services Licence No. 290108.

Initial Margin means the amount which you are required to pay to FXTG as the initial Margin cover for any Transaction which you propose to enter into.

Margin means the balance of the amount of cash or other assets required to cover dealing through an Account.

Online trading platform means the online trading platform offered by FXTG to enable the client to trade in CFD Transactions.

OTC contract means an over-the-counter contract for a financial product, including options and contracts in respect of foreign exchange or other commodities, such as metals.

Reference Security means the reference security, other financial product, currency, commodity, index or other item (or any combination of one or more of those) which is used as the basis for the calculations for your CFD. References in this PDS to any Reference Security which is a share or other similar equity financial product also apply when the Reference Security is different, for example, a futures contract, an exchange traded option, a currency (or pairs of currencies) (with any necessary adaptation to the particular kind of Reference Security).

Transaction means any of the kinds of OTC contracts which are traded under the Account Terms.

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

Variation Margin means an amount which you are required to pay to FXTG as additional Margin cover.

Withdrawable Funds means the amount calculated by FXTG as the amount of cash which would be paid to you from the Account if requested. For CFDs covered by this PDS, the Withdrawable Funds of the Account, being:

- the cash balance of the Account;
- plus the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Account; and
- minus the value of all Margin cover requirements for all Transactions on the Account and all Trading Accounts.

Some expressions used in this PDS which are set out in this Glossary are based on the definitions in the Account Terms. You must read all of the Account Terms in full, including all of the full definitions in the Account Terms.