PRODUCT DISCLOSURE STATEMENT

ELECTRONIC COMMUNICATION NETWORK (ECN)

FOREIGN EXCHANGE PRODUCTS

Forex TG Pty Ltd; ABN 16 113 616 032; AFSL No. 290108; 499 St Kilda Rd, Melbourne VIC, 3004; Tel: +61 3 9020 2175 Fax: +61 3 9866 4294

FOREIGN EXCHANGE CONTRACTS FOR ELECTRONIC COMMUNICATION NETWORK (ECN) ACCOUNTS 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 PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (**PDS**) is dated 9 of August 2011 and was prepared by Forex TG Pty Ltd ABN 16 113 616 032 AFSL 290108 (**FXTG**) as the issuer of over-the-counter contracts (OTC contracts) for Foreign Exchange (**FX**) products (referred to as **FX Transactions**). It describes the key features of FX Transactions, their benefits, risks, the costs and fees of trading in FX Transactions and other related information. You should read all of this PDS.

This PDS is designed to help you decide whether the FX Transactions described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with others.

FX Transactions can be highly leveraged and speculative with a high degree of risk. Potential investors should be experienced in equity derivatives and understand and accept the risks of investing in OTC contracts. The information in this PDS does not take into account your personal objectives, financial situation and needs. This PDS does not advise you on whether the FX Transactions are appropriate for you.

You should read all of this PDS 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 FX Transactions with us. FXTG recommends that you obtain your own independent legal, tax and investment advice, taking into account your particular needs and financial circumstances before trading with us.

1.2. CURRENCY OF PDS

The information in this PDS is up to date at the time it was prepared but it is subject to change from time to time and may be updated on our website (www.fxtg.com.au). A copy 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 the Contact section in this document. If you ask us, we will send you a paper copy of the updated information.

1.3. THIS PDS

FXTG is required to give this PDS because it is deemed to be the issuer of financial products (the FX Transactions) which are derivatives. Your transactions with FXTG will be FX Transactions covered by this PDS if: (i) you are dealing under the online trading platform; or (ii) you are dealing in other transactions that we later give you prior notice are FX Transactions covered by this PDS. FX Transactions are sophisticated financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

Each FX Transaction which is agreed and entered into by FXTG with you will be entered into by FXTG as principal. FXTG makes a market in its products as it regularly states the price at which it is prepared to deal with the client as principal.

A Glossary is provided at the end of this PDS (see section 7 on page 23).

1.4. CONTACT

FXTG can be contacted at:

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Section 2 – Features

2.1 KEY INFORMATION

Key features of FX Transactions are:

- They are available in most currencies around the world.
- Unlike FX Transactions traded on an Exchange, OTC contract FX Transactions are not standardised but are individually tailored to the particular requirements of the parties involved.
- When you trade, there is always a long (bought) and a short (sold) side to a FX Transaction, which means that you are speculating on the prospect of one of the currencies strengthening and the other weakening.

Key benefits of FX Transactions are:

- They enable individuals and businesses to purchase goods or services denominated in a foreign currency and provide them with the ability to minimise adverse market movements in the currency market on their personal or business costs.
- You have the potential to profit in rising and falling markets depending on the trading strategy you employ.
- The FX market is a very liquid market since there are generally buyers and sellers trading in FX.

Key risks of FX Transactions are:

- That the FX market is unregulated and not afforded the protection for exchange traded derivatives arising from any domestic or international exchange rules (such as guarantee or compensation funds).
- There is no assurance that you will make profits or not make losses due to the speculative and volatile FX market.
- Your recourse against FXTG is limited by FXTG's recourse and any actual recovery against its hedge counterparty, FCStone Fx, LLC (**FCStone Fx**) used by FXTG to hedge its FX Transactions 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 4.2 – "Hedge Contracts and Limited Recourse".

2.2. FEATURES OF FX TRANSACTIONS

An FX Transaction is an agreement between two parties to exchange one currency for another currency at an agreed exchange rate on a predetermined date (being the "Value Date of the contract), where the date may range from either the same day or a date in the future.

Unlike foreign exchange contracts traded on an exchange, FX Transactions are not standardised but are individually tailored to the particular requirements of the parties involved in the contract.

Terms involved in the negotiation of the FX contract are:

- the currencies (including underlying security or index) traded;
- the amount of such currencies;
- the maturity date of the contract; and
- the rate at which such currencies are exchanged.

FX Transactions are rolled over at the end of each Business Day.

Open positions can be rolled-over indefinitely until you decide to Close Out the transaction.

Foreign exchange products are available in most currencies. As foreign exchange is essentially about exchanging one currency for another at an agreed rate, in every exchange rate quotation, there are two

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currencies.

FXTG offers you a way of managing movements against your FX Transaction by using Stop Loss Orders and Stop Limit Orders (see section 3.11 – "Stop Orders") that enables you to help protect yourself against adverse market swings yet secure enhanced exchange rates when favourable upside market movements occur.

Your potential loss can be limited to the amount paid into your Account with us if you:

- choose to Close Out your open FX Transaction at any time before the total loss is the same as the balance in your Account; or
- do not pay any additional amounts into your Account following adverse market movements to maintain the minimum required Margin (i.e. Initial Margin and Variation Margin), in which case, once the value of the equity in your Account falls to zero, then FXTG will Close Out your open FX Transaction immediately and your loss will be limited to the amount which has been paid in your Account.

However, if you choose to top up the amount in your Account by paying additional funds to us to cover the Variation Margin, then the risk of loss will be the initial amount paid plus any additional amount(s) paid into the Account. At all times the potential loss is limited to the amount paid into your Account. In the unlikely event of a complete system failure (including our backup systems) then FXTG has implemented manual procedures which will ensure that any loss which may be generated which is in excess of the amount paid by you will be borne by FXTG and will not be passed on to you in any circumstances.

2.3. ELECTRONIC COMMUNICATION NETWORK (ECN) ACCOUNT FEATURES

An ECN Account which is also known as Alternative Communication Trading which is performed through Electronic Communication Network, enables trading the currencies without a dealing desk, allowing a direct access to the FX interbank market, with the minimum possible re-quotes. Note that ECN trading gives you direct access to the FX market pricing only. In an ECN Account the exchange rate is displayed with five digits after the decimal point, and the tenth part of a pip shall also be calculated. Please note not all currencies that are available in relation to FXTG's traditional trading accounts may be available for ECN Account, and the spread between currency pairs may be different from the spread in FXTG's traditional trading accounts. FXTG's spread and commission may be debited by FXTG directly from the Client's ECN Account.

2.4. OPERATION OF FXTG'S FX TRANSACTIONS

The FX Transactions offered by FXTG are rolling spot FX contracts between you and FXTG in relation to an agreed Currency Pair.

When you propose to enter into any FX Transaction you will be asked to nominate an amount and the two currencies to be exchanged. In every FX product offered by FXTG there are two currencies as follows:

- 1 fixed unit of a currency = X variable units of another currency.

The fixed currency is called the **Base Currency** and the variable currency is called the **Term Currency**. Together, these are known as the **Currency Pair**. The currencies involved in any FX Transaction must be currencies which are offered by FXTG. As at the date of this PDS, FXTG offers over 45 different Currency Pairs. To find out more about the different Currency Pairs FXTG offer we refer you to our website at www.fxtg.com.au.

There is always a long (bought) and a short (sold) side to a FX Transaction, which means that you are speculating on the prospect of one of the currencies strengthening and one of them weakening.

The foreign exchange products offered by FXTG do not result in the physical delivery of the currency. The foreign exchange products offered by FXTG are Closed Out by either you or us by taking an offsetting position

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or are cash adjusted or cash settled at the end date.

Other product issuers offer foreign exchange contracts which do result in the person who acquired the contract converting one currency for another. In such cases, in addition to the amount nominated and the two currencies, the person would also be asked to specify a date on which the exchange of currency will take place. This date is known as the "settlement date" and can be any Business Day on or after the date of the particular foreign exchange contract.

2.5. APPLICATION OF EXCHANGE RATE

FXTG prices will be the same level (or price) at which it is offered by its signal provider Leverate. The signal provider utilises 25 of the largest banks and signal providers in order to provide a signal price to FXTG.

FX Transactions may be entered into on a "matched book" basis or "back to back" basis. Mostly, all FX Transaction agreed and entered into with a client as principal will be, at the same time "offset or matched" with a similar trade with FCStone Fx. Aggregated positions will be entered according to company risk and coverage policy. These transactions will be performed at the same price.

2.6. BENEFITS OF FX TRANSACTIONS

Foreign exchange products provide important risk management tools for those who manage foreign currency exposures. FXTG offers its clients the ability to buy and sell its products which enables clients to protect themselves against adverse currency market swings. The significant benefits of using FX

Transactions as a risk management tool are to protect your exchange rate and provide cash flow certainty.

In addition to using FX Transactions as a risk management tool, you can benefit by using the products to speculate on changing exchange rate movements. You may take a view of a particular market, or the markets in general and therefore enter into FX Transactions according to this belief in anticipation of making a profit.

These and other benefits are as follows:

- **Exchange rate certainty** – Locking in a certain exchange rate for the purchase or sale of foreign currency amounts will reduce or eliminate exchange rate uncertainty. This enables businesses and individuals who wish to pay for goods or services denominated in a foreign currency to reduce or minimise the negative impact of adverse movements in the currency market on their personal or business costs by entering into appropriate transactions. It also provides cash flow certainty.
- **Risk management** – FXTG also offers you a way of managing adverse movements by using Stop Loss Orders and Stop Limit Orders (see section 3.11 - "Stop Orders" on page 7) that enables you to protect yourself against adverse market swings yet secure enhanced exchange rates when favourable upside market movements occur. Unlike some other products (such as exchange traded products) where there is no guarantee you will receive the Stop Loss Order price as requested, with our products FXTG ensures that your FX Transaction will be Closed Out if the exchange rate reaches the level specified by you in advance by using a Stop Loss Order. In addition, you may use Stop Limit Orders which allows you the opportunity to benefit from favourable upside market movements.

Please note that Close Out will be triggered into effect when losing trades have reached the 20% Margin level and will be closed automatically this is not exhaustive of slippage which occurs in ECN Accounts.

- **Market Execution** – Market execution is an order that lets you fill your order the fastest way. You can almost always expect your order to be filled, however this might not be at the best price you want. During volatile times the gap between the price you see when you enter the order and the price you get

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your order filled at may be wide, but when the market is fast moving this might be the only option in order to fill your position before the market moves further away.

- **Access to the foreign exchange markets 24 hours a day, 5 days a week** – When using the foreign exchange products offered by FXTG, you gain access to a highly advanced and multi-levelled system which is active and provides you with the opportunity to trade 24 hours a day from Monday at 8.00 a.m. Sydney time and closing on Friday at 5.00 p.m. New York time (Saturday morning Sydney time). This gives you an opportunity to react instantly to news that is affecting the underlying markets.

It should be noted however, that trading in the various Currency Pairs may be restricted to hours where liquidity is available for any given currency.

- Profit potential in both rising and falling markets – Since the currency markets are constantly moving, there are always trading opportunities, whether a currency is strengthening or weakening in relation to another currency. There is the potential for profit (and loss) in both rising and falling currency markets depending on the strategy you employ.

When you trade currencies, they literally work against each other. If the EURUSD (the EURO and USD Currency Pair) declines, for example, it is because the USD gets stronger against the EURO. So, if you think the EURUSD will decline (that is, that the EURO will weaken against the USD), you would sell EURO now and then later buy EURO back at a lower price and take your profits. The opposite trading scenario would occur if the EURUSD appreciates.

- **Superior liquidity** – The foreign exchange market is generally very liquid so in most instances there are generally buyers and sellers trading enabling FXTG to efficiently manage its risks by entering into trades with its hedge counterparty. The liquidity of the foreign exchange market, particularly with respect to that of the major currencies, helps to ensure price stability. The liquidity comes mainly from banks that provide liquidity to investors, companies, institutions and other currency market players.
- **Real time streaming quotes** – The online trading platform uses sophisticated technologies in order to offer you up-to-the-minute quotes. You may enter into FX Transactions 24 hours a day from Monday at 8.00 a.m. Sydney time and closing on Friday at 5.00 p.m. New York time (Saturday morning Sydney time).
- **Access to your account information 24 hours a day, 7 days a week –** You can access the online trading platform at any time, subject to the availability and connectivity of the online trading platform which sometimes may be outside of our control. You may check your Account and positions in real time. FXTG believes you must be able to control your funds whenever you wish.
- **Tailored** – A major benefit of entering into a FX Transaction is that you can tailor the FX Transaction to meet your specific circumstances. Unlike exchange traded products, FX Transactions are not standardised and can be personally tailored to suit your requirements. For example, FXTG allows you to enter into FX Transactions in small amounts and the settlement date or end date is negotiable, whereas exchange traded products are a standard size and cannot be varied in duration. Your FX Transactions may be rolled until you decide to Close Out the FX Transaction or it reaches the end date, provided that you continue to meet your Margin requirements and maintain the required account balance.

Section 3 – How to Trade

3.1 ESTABLISHING YOUR TRADING ACCOUNT

You need to establish an ECN Account by completing the application form on FXTG's website or contacting

FXTG directly. The minimum amount required to open an ECN Account is USD $1000. By opening an Account, you agree to the Account Terms.

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

Before you enter into a FX 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 FX Transaction, Confirmation of the transaction will be given (such as being reported online or in an online account statement or record).

There are fees associated with FXTG's FX Transactions in ECN Accounts where there are floating spreads and commission fees. These are explained further in section 5 "Costs, Fees & Charges" on page 17.

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

If there is early termination, you may be liable for any fees, as well as any losses, depending on the marked- to-market value of your FX Transaction at termination.

3.2. QUOTES

The quotes provided by FXTG are the same as in the underlying foreign exchange market on which the products are based.

A foreign exchange quote e.g. AUD/USD 0.89105/0.89208 represents the bid/ask spread (in this case for AUD/USD). This quote means that you can:

a) buy Australian Dollars at 0.89105 against the US dollar; and/or
b) sell Australian Dollars at 0.89208 against the US dollar.

Generally, exchange rate quotations are to 5 decimal points (but this is not always the case, for example, the Japanese Yen is quoted to 3 decimal places).

3.3. CLIENT MONEYS 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.

Moneys paid by you to FXTG for FX Transactions are first paid 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 accounts are not separated from each other;
- all clients funds are combined into one account; and
- funds and other assets in the trust account belonging to non-defaulting clients are potentially at risk of being withdrawn and not being paid back 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 FX Transactions (see section 4.2 - "Hedge Contracts and Limited Recourse" on page 9) and 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 FX

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Transactions) by FXTG, including dealings on behalf of people other than the client whose moneys were paid into the trust account.

After receiving or paying money into a trust account, FXTG will, by the terms of your Account, withdraw and transfer the funds to its hedge counterparty, FCStone Fx. This will be a client omnibus account (with individual or sub accounts) i.e., FX Transactions will be held with FCStone Fx in FXTG's name for and on behalf of the client.

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

3.4. YOUR PROFITS OR LOSSES

The profit or loss from a FX Transaction is calculated by keeping the units of the Base Currency constant and determining the difference in the number of units of the Term Currency. The profit or loss will be expressed in the Base Currency.

Worked examples explaining the potential profits and losses from FX Transactions are provided in Section 5.6 on page 19.

3.5. MARGINING OF OTC FX

Margin cover is usually required in these cases:

- as "initial" Margin, to start the trading (Initial Margin). The Initial Margin will typically be between 1%-10%
- of the face value of the FX Transaction;
- as "variation" Margin, meaning adjustments to Margin cover due to falls in the value of the financial product or underlying security (Variation Margin); or
- as "maintenance" Margin – to maintain the Margin cover in light of adjustments to the percentage of value of the stock allowed as Margin cover or other trading platform adjustments not related to the price movements of the financial products.

Margins in FX trading are required in the Term Currency. For example, if a client has a position in AUD/YEN, the Margin will be applied in YEN. In the case where a client has no YEN or a negative account balance in YEN but has sufficient funds in an alternate currency (at the current market rate), it can be used to offset the Margin.

The Margin cover is usually provided by you paying cash to FXTG. This means that sufficient funds must be paid into your Account with FXTG before you can trade.

Owing to the volatility of the market, an Initial Margin may change after a position has been opened, requiring a Variation Margin to be paid by you at that time. They are calculated to cover the maximum expected movement in the market at any time.

You will be required to provide Variation Margin or other 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 message 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. For example, at weekends some Margin cover requirements automatically increase. You must be in a position to fund such requirements at all times and you have to maintain the Margin cover required by FXTG. Initial Margin and Variation Margin must be paid immediately after a call. The general policy of FXTG is that payment of the call must be received within 24 hours of the call although in times of extreme price

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volatility this may mean as little as 1 hour.

Losses can exceed the amount of the Initial Margin and any Variation Margin paid.

If you do not ensure you maintain the required level of Margin cover, all your positions may be Closed Out and the resulting realised loss deducted from any proceeds. You will only be allowed to deal in and maintain positions on the basis of cleared funds being provided for your Margin obligations or your net balance is in credit. It is your responsibility to provide the collateral for your Margin cover on time. Since you are trading through the online trading platform, it can take up to 48 hours (or longer, over non-banking days) for your funds to be credited to your Account (depending on the rules of your Account or online trading platform or other external factors outside the control of FXTG). Any delay in crediting your Margin payments is at your risk.

Initial Margin will be credited to the relevant Account on settlement of the contract. Debit Variation Margin (unrealised losses) on closure of the contract will be debited to the relevant Account balance and credit Variation Margin (unrealised profits) on closure of the contract will be credited to the relevant Account. You will be required to fund any cash shortfall in the Account.

Any losses resulting from FXTG closing your position will be debited to your Account

3.6. DAILY VALUATION

Following the close of business on each Business Day during the term of a FX Transaction, FXTG will determine your Account's value, based on the value of the FX Transactions in your Account as at close of business. Please note for ECN Accounts the trades will be automatically renewed every night at 22:00 GMT until the trade stops.

3.7. SPOT AND FORWARD EXCHANGE RATE CONTRACTS

When dealing in over-the-counter FX markets, each contract will fall within either the spot or forward market. This will reflect the time element of a foreign exchange transaction.

The spot market is for delivery within two (2) Business Days. The forward market is for delivery at some specified future date.

Spot Market

Whilst this market will reflect those transactions deliverable within two (2) Business Days, it will also reflect what is often determined to be a third element, being those transactions for immediate delivery i.e. "today" or "tomorrow". Transactions that involve a delivery up to three (3) Business Days later are traditionally considered to be spot transactions, although they carry a different rate depending on the specific delivery date (except for transactions in Canadian dollars, which settle on a "value tomorrow" basis).

Forward Market

The forward value date is usually computed as a number of months from the spot value date at the time of the transaction, and must be a working Business Day or equivalent in the home country of the currencies involved in the transaction. As foreign exchange is a global business it must overcome time differences of up to 12 hours so a standard spot value date of today or "TOM" (being the following Business Day) would not be practical. In addition, time must be allowed to properly process all the paper work involved. Also, banks executing the transfer must be allowed sufficient time to check details defining the nature of cash flows.

Market Liquidity

Market liquidity describes the volumes which can be readily transacted in the market, and has sometimes been described as being the life blood of exchange traded markets.

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Market Liquidity Risk is the risk that it may not be possible to execute the full amount of a FX Transaction without seriously impacting the market price. Billions of dollars of transactions are executed everyday in USD/EURO, USD/JPY, USD/GBP. On the other hand, exotic currencies (developing countries) can be very thin or illiquid. Even in the major currencies liquidity can be scarce at times. After New York inter bank trading closes and before Asian trading opens it can be difficult to obtain quotes in GBP/EURO which is a very liquid market during European trading.

Market Liquidity is reflected in the bid/offer spread. The more participants there are in the market prepared to quote two way prices in a particular currency, the bid/offer spread will be narrow. Conversely, if there is only a couple prepared to quote, the wider the bid/offer spread will become. As such, the bid/offer spread represents the profit that the quoting party must obtain in order to take on the risk. An imminent news release which may have significant effect on the market can affect market prices by drying up liquidity temporarily.

The Interest Rate Market and its Mechanics

The interaction between the money market and the foreign exchange market provides the basis for the relationship between the spot rate and the forward rate and the justification of the spread between the two rates. Forward rates differ from spot rates to reflect the differing interest rates prevailing in the two countries.

The interest rate market will influence the difference between the forward rate and the spot rate. The forward rate will generally reflect the mechanism of borrowing one currency to invest in another and the impact of the futures value of these currencies based on the amount of interest received and paid. As such, whilst the futures price will tend to reflect the expected price at a future date, the forward rate is not what the market expects the spot rate to be at a future date but the impact of currencies based on the spot rate and interest rates.

The interest rates used reflect those rates which are available to the parties involved in the transaction. For example if a resident borrows from or lends to a non-resident, the transaction may be subject to interest withholding tax rules. The interest rate used to calculate the forward exchange rates will be marked up to reflect the inclusion of withholding tax, so that after the payment of the tax, the net result would reflect the value as if the withholding tax had not been liable in the first place.

At times, monetary authorities will use a tightening of interest rates to reduce the inflationary effect on a weakening currency which may be causing price inflation, and vice versa. They can also consider the stability of their currency and will use a monetary policy to achieve targeted exchange rates.

Raising interest rates will tend to attract capital thereby supporting the exchange rate, whilst falling interest rates can lead to capital being removed from the currency and placing pressure on the exchange rate to move downwards.

Factors Affecting Foreign Exchange Rates over the Short Term and Long Term

There are many different short and long term factors that will affect the foreign exchange rates and these can be inter-related, or they can assume different significance at different times. None of the numerous theories of exchange rate determination are sufficiently comprehensive or dynamic to explain exchange rate movements on their own, let alone accurately predict the future direction and level of exchange rates.

The factors that are likely to affect the movement over an extended period of time can be defined within the fundamental factors that affect the overall financial markets as a whole.

These factors are:

- **Current account balance**: this is an important determinant of exchange rates. Currencies with increasing current account surpluses or decreasing current account deficits tend to strengthen against currencies with decreasing current account surpluses or increasing current account deficits. It is the change in the current account deficit or surplus which is relevant.

- **Current account surplus**: a diminishing current account surplus will tend to cause a currency to depreciate, while a shrinking current account deficit will tend to cause the currency to appreciate. However, in practice exchange rates do not always move to reflect current account figures. While over time the relationship holds true there may be sustained periods during which exchange rates move in the opposite direction.
- **Inflation Rates**: these impact upon the ability to purchase goods and services. Over a period of time, the inflationary impact on prices tends to result in price increases for goods and services to offset the impact of inflation. This means that exchange rates should change so as to reflect the relative purchasing power of two currencies.
- **Interest Rates**: how interest rates affect the forward rates has already been described. They can also affect the flow of currencies between countries. Over a period of time it is possible for currencies with a trend towards high local interest rates to attract capital inflows, and vice versa.

The relative importance of these fundamental factors can change over a period of time, depending on current policy slants and even fashion. The fundamental factors are normally very poor predictors of short term exchange rate movements. In the short term, exchange rates tend to be affected by a different set of factors. Various factors, including market flows, central bank intervention, release of economic statistics, market sentiment and even technical analysis can influence spot rates in the short term, primarily through how they affect market expectations.

Also, if a country's central bank significantly reduces interest rates then the exchange rate would be reduced. A substantial decline in interest rates will also put pressure on the spot exchange rate for the relevant currency.

3.8. OBLIGATIONS OF THE CLIENT

The obligations of the client are as follows:

a) Pay an Initial Margin on each FX Transaction of the amount called by FXTG. The liability for Initial Margin is incurred upon execution of an order.

b) Pay any later Margin requirements, including any Margin calls made by FXTG for Variation Margin to maintain the Margin foreign exchange position held by the client.

c) If a loss is incurred on Close Out of a FX Transaction i.e. by executing an equal and opposite position to that originally opened, such closed forward prompt loss must be fully covered by Variation Margin. Subject to such loss being fully covered by Variation Margin no Initial Margin is required. Arrangements can be made to fix the amount of such forward foreign exchange loss in Australian dollars at the time of the Close Out otherwise the closed forward prompt loss will be converted to Australian dollars on the Value Date, or on the Business Day immediately following the Value Date as FXTG elects. If a profit is incurred it will be converted to Australian dollars on the Value Date, or on the Business Day immediately following the Value Date as FXTG elects, and paid out to the client.

d) If delivery of foreign exchange is made in settlement of a Margin foreign exchange contract seven (7) days prior written notice of delivery will be required and the entire amount of the foreign exchange to be delivered by the client must be paid (in cleared funds) to FXTG at least two (2) Business Days prior to the Value Date.

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3.9. CLOSING OUT

An open FX position for a forward date may be Closed Out or liquidated by the execution of an equal and opposite position. The execution of such an equal and opposite FX Transaction will give rise to a closed forward prompt position, namely a bought and a sold position for an identical amount of the currency in the same currency for settlement on the same value (or prompt) date (Value Date).

While closed forward prompt position profits cannot be paid until the Value Date, closed forward prompt losses must be fully covered by Variation Margin pending settlement. Closed forward prompt positions that are in profit or, if in loss are fully covered by Variation Margin, will generally not be secured by an Initial Margin since the final profit/loss has been set and covered. When this occurs, the amount payable on the Value Date will be the net value of the opening and the closing FX Transaction in the FX Transaction's currency.

Settlement will occur on the Value Date in the currency of the Account. If the Account is not denominated in the currency of the FX Transaction, FXTG will on the Value Date or at a time determined by FXTG, as it elects, convert the settlement amount to the currency in which the Account is denominated.

In order to be delivered, an open position which is to be liquidated must be the subject of a written notice of delivery received by FXTG at least seven (7) days before the Value Date. If the Client is making delivery, the amount payable on settlement of a FX Transaction must be paid and cleared in the Account, unless otherwise agreed in writing, not less than three (3) Business Days before the Value Date. Delivery by FXTG to the client will be effected on the Business Day following the Value Date and the proceeds will be paid by FXTG to the Account.

3.10. CONFIRMATIONS OF TRANSACTIONS

The confirmation of your FX Transactions, as required by the Corporations Act, may be obtained by accessing the daily statement online, which you can print.

Once you have entered an order into the online trading platform, 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 e-mail 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 platform.

It is your obligation to review the Confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours.

3.11. STOP ORDERS

We may at our discretion accept an order from you to close a FX 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 FX 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 FX contract) 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 FX contract) 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 a 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 FX Transactions.

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 through your Stop Loss Order level, so that the closing level of quotes may be beyond the exact level specified by you. Another example is that not all of the Stop Loss Order can be fulfilled because the FX market does not have enough buyers and sellers in the volume of the FX to allow FXTG to hedge its transactions which it makes in order to completely fulfil your Stop Loss Order.

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 FX Transactions to you by making corresponding orders with its hedge counterparties.

Section 4 – Significant Risks

4.1 SIGNIFICANT RISK

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

You should consider these significant risks involved in FX Transactions:

Market Risks

FX OTC contract trading, including options, 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. You may incur large losses in short periods of time and may be unable to limit your losses.

The FX markets in general are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being FX market volatility. If you are entering into OTC contracts (such as FX) as a hedge, the impact of FX market volatility will not affect your position unless you have over hedged or under hedged.

Past performance of FX markets, and currencies in particular, is never an assurance of future performance. The value of your Account may fluctuate according to foreign exchange rates and interest rates, as well as other market conditions which are outside of your control and which cannot be forecast.

Under FX market conditions from time to time, it could be difficult or impossible to Close Out a FX Transaction at a price that would confine the loss sustained by you within the amount of your Account.

Your loss on a FX Transaction could be very substantial, even if you try to Close Out the FX Transaction.

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Stop Loss Orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order.

FX Transactions between you and FXTG are not futures contracts and are not covered by the protections for exchange-traded contracts arising under the Corporations Act, or any exchange rules.

Margining

You could sustain a loss, greater than and not limited to, the Initial Margin and Variation Margin that you have paid to us to establish or maintain a FX Transaction. If the FX market moves against your position, you are responsible for monitoring and meeting the Margin cover requirements.

Positions are ordinarily marked to market on a continuous basis. 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 pay to 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

Transactions under FXTG’s FX OTC contracts are leveraged. This can lead to large losses which could be significantly disproportionate to your initial payment, Margin payments or other moneys credited to your Account

Under or Over Hedge

If you have not correctly hedged your exposure by giving orders to us to enter into contracts, you may decide under your own risk management policies to add or to Close Out some of those contracts (to match your exposure). The loss or profit arising as a result of this additional trading with FXTG will be credited or debited to your Account. You will need to take into account the cost of additional hedging adjustment contracts when considering your overall risk management.

Our powers on default, indemnities and limitations on liability

If you fail to pay, or provide collateral for, amounts payable to FXTG or fail to perform any obligation under your FX 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.

Credit or Counterparty risk

Given you are dealing with FXTG as counterparty to every FX Transaction, you will have an exposure to us. The risk is that FXTG is not ready, willing or able to meet its obligations under the FX Transaction with you. If FXTG were to become insolvent, then we may be unable to meet our obligations to you in full or at all. You should satisfy yourself that FXTG is able to meet its obligations to you under any FX Transaction.

You should be aware that, FXTG will immediately hedge its exposure (“book”) with its hedge counterparty, FCStone Fx i.e. each FX Transaction agreed and entered into with a client will be offset or matched with a

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similar trade (in terms of price and quantity) with FCStone Fx. This minimises our risk to you. However, we are exposed to counterparty risk with FCStone Fx.

In addition, FXTG must comply with the financial requirements imposed under its AFSL.

Online trading platform

You should be aware that there are a number of risks associated with using internet-based trading platforms. These risks are not just risks in using our online trading platform but apply to other providers of trading platforms as well. Such risks include, but are not limited to, risks

related to the use of software or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

Dealserv will provide FXTG with the use of its automated electronic trading platform, and FXTG will then make it available to clients. A disruption to the FXTG online trading platform could mean you are unable to trade in a foreign exchange product offered by FXTG and that you may suffer a financial loss or an opportunity loss as a result. These risks and the occurrence of disruptive events are generally outside the control of FXTG and, accordingly, you will have no recourse against FXTG in relation to the use of or availability of our online trading platform or any errors in the software or related information systems.

Operational Risk

Operational risk is the risk of loss from disruptions to internal processes, people and systems or disruptions arising from external events. Such disruptions may affect the ability of FXTG to price and settle your FX Transaction in a timely and accurate manner. This may result in contractual outcomes under the terms of the FX documentation which are less favourable to you.

4.2. HEDGE CONTRACTS AND LIMITED RECOURSE

Once an order for a FX Transaction is received, FXTG generally will, at or about the same time, 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.

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

In order to make those transactions, FXTG is usually required to pay for its hedge with FCStone Fx 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). 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 FX Transactions to you.

It is possible that FXTG's hedge counterparty (in this case, FCStone Fx), or the custodian used by 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 FX Transactions, FXTG could be exposed to the insolvency of FCStone Fx or other defaults which affects FCStone Fx. Since FXTG is in the business of providing FX

Transactions and is not assuring the performance and credit risk of FXTG's counterparties, FXTG limits its liability to you under the Account Terms by the extent to which FXTG actually recovers against FCStone Fx.

It is therefore possible that FXTG might not fully recover from FCStone Fx due to reasons not arising from your own FX Transactions, 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.

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 FX Transactions, you get the benefit of FXTG's obligation to you as issuer of the FX Transactions, 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 pay or being available to pay FCStone Fx. This is broadly similar to the risk to you arising from FXTG being allowed to use all of the moneys in a trust account for meeting any of the obligations incurred by FXTG in dealing with any derivative throughout its business, but this risk is reduced for you because:

- it is limited by reference to FXTG's dealings with FCStone Fx, not all of the derivatives dealt with by FXTG across all of its business; and
- 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 relevant hedge counterparty or, if there is an amount surplus to FCStone Fx's requirements, that surplus is maintained for FXTG in a trust account.

The risks you have by dealing with FXTG (due to it paying all of your moneys 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 general statements of principle. The credit risk you have on FXTG depends on its solvency generally as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its client and stock concentration risks, its counterparty risks for all of its business and transactions (not just the FX Transactions), 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 and 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 yearan 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 please contact FXTG for further information. The hedging counterparties used by FXTG, the trading system and other factors may change from time to

time. It is not practical to set out in this PDS any further information about FCStone Fx and FXTG takes no responsibility for third-party information about FCStone Fx. However, FXTG will reasonably assist you to locate such other information as is publicly available.

Section 5 – Costs, Fees & Charges

5.1 IMPORTANT PAYMENT FEATURES

FXTG charges its clients commission (brokerage) to transact. FXTG will receive a commission up to

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USD $7 per each lot (100,000 base currency) traded. A rebate may occur from FCStone Fx (the hedge counterparty) for the spread, based on the volume of business transacted. Any commission received from any hedge counterparty is payable by that hedge counterparty direct to us and is not an additional charge to the client.

5.2. CONVERSION FEE

FXTG will charge you a "conversion fee" when converting currencies to your Base Currency. This occurs each time there is a conversion from trade currency denominated in the Term Currency to your Base Currency.

The conversion fees are available on our website at ww.fxtg.com.au.

5.3. FINANCE CHARGE/CREDIT

There is no Finance Charge specifically on FX Transactions. The Finance Charge is applied to your Account if the Withdrawable Funds of it is negative.

The Finance Charge is calculated on the Account.

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. 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 FX 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 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 A$10,000 x (5.5%/365 days x 5 days) = A$7.53 orA$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.

5.4. ROLL-OVER FEE

FXTG will charge you a "roll over fee" when your FX Transaction is rolled. This means that open positions held at the end of each Business Day will be rolled over and remain open until the end of the next Business Day (unless the position is Closed Out).

The roll over fee will depend on the interest rate differential between the two currencies in the Currency Pair of your FX Transaction. If the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn the roll over fee. If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay the roll over fee.

5.5. OTHER FEES, TAXES AND CHARGES

FXTG will charge you a "withdrawal fee" for transfer of funds from your Account. This is to reflect costs imposed on FXTG for such withdrawals but will be capped at $35.00 per withdrawal. FXTG reserves the right to waive this withdrawal fee in its absolute discretion.

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 FX 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 FX Transactions (and so are not costs, fees or charges for acquiring or later dealing in the FX Transaction itself). For example, you may be required to pay royalty or similar charges set by data providers for your use of information feeds or for online transaction services. FXTG may debit these amounts to your Account.

5.6. WORKED EXAMPLES

Example 1: Going Short

You anticipate that the Australia dollar is to fall against the British Pound because of unfavourable economic data.

Open Position

* Buying GBP/AUD 0.5 Lot

Open Position	$50,000 GBP
Price	A$ 1.4900
Contract Value	A$74,500
Variable Initial Margin	A$496 (=$533 at $1.0740)
Commission/fees	USD$7

Close Position

* Sell GBP/AUD 0.5 Lot

Quantity Bought	$50,000 GBP
Price	A$ 1.5100
Contract Value	A$ 75,500
Commission/fees	USD$7 (you pay only once per trade)
Net Profit	A$ 1000

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Example 2: Going Long

You anticipate the Australian dollar to increase because of favourable economic data.

Open Position

* Buy AUD/USD 0.5 Lot

Quantity Bought	A$50,000
Price	$1.0740
Contract Value	$53,700
Variable Initial	$358
Commission/fees	USD$7

Close Position

*Sell AUD/USD 0.5 Lot

Quantity Bought	A$50,000
Price	$1.0940
Contract Value	$54,700
Commission/fees	USD$7 (You pay only once per trade)
Gross Profit	$1,000
Net Profit	$1,000

NOTES TO ALL EXAMPLES IN THIS PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a FX Transaction. They are not forecasts or projections of any particular FX Transaction.
2. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account a client'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 FX Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential client in FX Transactions.
4. Margin requirements, interest rates and external charges may change at any time.
5. The examples are based on a 5% Initial Margin of the contract value.

5.7. 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 instruct FXTG to effect a FX Transaction denominated in a currency different from the denomination of your Account currencies, FXTG will not convert the currency value of your FX 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 same 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 FX Transaction is entered into and the time the relevant conversion of currencies occurs.

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Section 6 - General Information

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

6.1. QUERIES AND DISPUTES

If you have a query or dispute about a Confirmation, you must notify us of the query or dispute within 48 hours of receiving the Confirmation.

Any disputes about fees or charges must be brought to our attention within five (5) calendar days of the fee being applied. Please see section 6.9 in this PDS on “Dispute Resolution” on page 12.

6.2. ABOUT FXTG

FXTG is the holder of 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 our website www.fxtg.com.au

6.3. APPLICATIONS

You apply for an Account by completing an application form, available from FXTG’s website or contacting FXTG directly.

6.4. TAXATION IMPLICATIONS

The FX Transactions 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.

Australia has a prescribed set of regulations for the purpose of determining the tax treatment of FX gains and losses.

Where you are entering into a FX Transaction for the purpose of hedging, the taxation consequences depend on the nature of the underlying transaction or the asset/liability which is being hedged.

You should consult your tax advisor before trading in these financial products. The information in section 6.4 should be regarded as general information only.

6.5. COOLING OFF

There is no cooling off arrangement for FX Transactions.

6.6. ETHICAL CONSIDERATIONS

FX Transactions 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 FX Transactions.

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6.7. JURISDICTIONS

The FX Transactions 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 is 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.

6.8. FXTG INSURANCE

FXTG is covered by compensation arrangements which satisfy the requirements of section 912B of the Corporations Act. 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 AFSL.

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.

6.9. 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 FXTGs 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 fifteen (15) Business Days of 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 1 300 780 808 www.fos.org.au

3. We are a member of the FOS complaints resolution scheme. The service to you is free.
4. 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.

PRIVACY

FXTG has a Privacy Policy which describes its obligations in managing the personal sensitive information of Clients, potential clients and others. A copy of our Privacy Policy is available on our web site 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 FX Transactions.

AFSL means Australian Financial Services Licence.

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

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

Base Currency means the fixed currency.

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.

Client refers to the person who has an Account.

Close Out in relation to a FX Transaction means discharging or satisfying the obligations of the parties under the FX Transaction and this includes:

a) by delivering the amount or value of the Term Currency required in accordance with the Account Terms of the FX Transaction;
b) as a result of the matching up of the FX Transaction with a FX Transaction of the same kind under which you have assumed an offsetting opposite position; and
c) making adjustments for fees and charges.

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

Corporations Act means the Corporations Act 2001 (Commonwealth).

Currency Pair means the Base Currency and the Term Currency together.

Exchange means the Sydney Futures Exchange operated by Sydney Futures Exchange Limited (ABN 83 000 943 377), the Australian Securities Exchange operated by ASX, 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.

ECN Account / Electronic Communication Network Account is a specific account which enables the trading of currencies without a dealing desk, allowing direct access to the FX interbank market, with the minimum possible re-quotes.

Finance Charge means a charge payable by you in respect of your FX 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 FX 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 electronic trading platform offered by FXTG to enable the client to trade in FX 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.

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.

Stop Loss Order is an order that you place which allows you to set a price at which you would like to exit the position should the price of the Term Currency move against you.

Term Currency means the variable currency.

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 FX Transaction as set out in this PDS or as later varied in accordance with the Account Terms and this PDS.

Value Date means the date agreed at the time the relevant FX Transaction is entered in to, to be the date of settlement of that FX Transaction (specified in the Confirmation).

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. 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 FX 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. The Account Terms can be found on our website at www.fxtg.com.au

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