

**IC Markets – CONTRACTS FOR DIFFERENCE
PRODUCT DISCLOSURE STATEMENT**

International Capital Markets Pty Limited
ABN 12 123 289 109
Australian Financial Services Licence No. 335 692



24 November, 2016

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Section 1 – Important Information

1.1 THIS PDS

This Product Disclosure Statement (**PDS**) is dated 24th November, 2016 and was prepared by International Capital Markets Pty Limited ABN 12 123 289 109 (**IC Markets**); Australian Financial Services Licence No. 335 692. IC Markets is the issuer of over-the-counter derivatives being contracts for differences (**CFDs**) described in this PDS. It describes the key features of CFDs, their benefits, risks, the costs and fees of trading in CFDs and other related information. CFDs are sophisticated financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

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 (e.g. CFDs) offered by other issuers.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 8).

YOUR LIABILITY
 CFDs are speculative products. They can be highly geared and carry significantly higher risk than non-geared financial products. Your potential liability is not limited to the amount you pay IC Markets or we keep in trust for you. We may ask you to pay amounts in excess of those amounts to cover any shortfall. Your liability on short CFDs can be unlimited. You should only invest in CFDs if you are experienced in derivatives, OTC financial products and understand and accept the risks and terms of our CFDs. You should get your own financial, legal and tax advice as to whether CFDs are appropriate for you and carefully consider the risks of CFDs and your capacity to meet your liability before investing in CFDs.

Section 2 – Regulatory Guide 227

Regulatory Guide 227 (RG227) issued by ASIC sets out 7 disclosure benchmarks for over the counter contracts for difference. Product disclosure statements must address the benchmarks on an “if not, why not” basis. The table below sets out IC Markets disclosure against the benchmarks for this PDS.

Benchmark	Meets	Explanation
1. Client Qualification	✓	IC Markets has in place a written client qualification policy which requires all new clients to be assessed and show sufficient experience and product knowledge prior to being able to trade. See Section 3.8 and our website for further details.
2. Opening Collateral	✗	This benchmark assumes an issuer only accepts cash or cash equivalents (such as credit cards) as opening collateral when establishing an account and limits credit card payments to \$1000. IC Markets does not meet this benchmark because it accepts credit cards as well as payments via Bpay and bank transfer and does not place limits on credit card payments in order to maximise payment flexibility and not restrict your choice of funding. See Section 4.7 for further information.
3. Counterparty Risk – Hedging	✓	IC Markets has in place a written policy which outlines how we manage our exposure to market risk from client positions and how we identify our hedging counterparties. See Section 4.20 and our website for further information.
4. Counterparty Risk – Financial Resources	Partly	IC Markets has in place a written policy outlining how we comply with our financial obligations and we ensure that we have sufficient financial resources to meet our liabilities. See Section 4.20 for further information. IC Markets would meet this benchmark except that it only makes available copies of its latest audited financial statements by inspection at its offices (free of charge).
5. Client Money	✓	IC Markets has a well defined policy regarding the use of Client Money. See Section 4.7 for further information.
6. Suspended or halted underlying assets	✓	IC Markets does not allow trading in positions when there is a trading halt in the underlying reference instrument. See Section 4.15 for further information.

1.2 IC MARKETS DOES NOT GIVE PERSONAL ADVICE

IC Markets 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 or needs. This PDS does not constitute advice to you on whether CFDs are appropriate for you. This PDS describes the CFDs which are issued to you in accordance with 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 or the Account Terms prior to entering into any transactions with us. IC Markets recommends that you consult your adviser or obtain independent advice before trading.

1.3 YOUR SUITABILITY TO TRADE CFDs

If we ask you for your personal information to assess your suitability to trade CFDs and we accept your application to trade CFDs. This does not constitute personal or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide us and the assessment is only for our purposes of deciding whether to open an account for you and is separate from your decision to trade CFDs. You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether CFDs or any particular CFD Transactions are suitable for you.

1.4 CURRENCY OF PDS

The information in this PDS is up to date at the time it was prepared but is subject to change at any time. Any updates will be posted on our website (www.icmarkets.com). A copy of this PDS and the Account Terms can be downloaded from the website or you can call IC Markets to request that a paper copy of them be provided to you free of charge. If the new information is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find updated information on our website (www.icmarkets.com) or by calling us using the contact details given below. If you ask us, we will send you without charge a paper copy of the information.

1.5 CONTACT

International Capital Markets Pty Ltd (IC Markets) can be contacted at:

Level 6
 309 Kent Street
 Sydney NSW 2000

Toll Free: 1300 600 644
 Telephone: +61 (02)8014 4280
 Email: info@icmarkets.com
 or via our website at: www.icmarkets.com

7. Margin Calls	✓	IC Markets has a clear policy in relation to margin and our rights to close out positions. See Section 4.8 for further information.
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Section 3 – Features

Key Information

3.1 KEY FEATURES OF CFDs:

- CFDs are sophisticated, high-risk, over-the-counter derivatives issued by IC Markets. They are not exchange-traded.
- You must fund your Account with IC Markets before any CFD can be issued to you. You do this by paying at least the Initial Margin.
- You remain liable to pay later Variation Margins and to maintain the required amount of Margin cover. If you do not maintain the required Margin cover or you do not pay the required Margin call by the required time, your CFDs can be Closed Out and you remain liable to pay for any remaining shortfall.
- CFDs are leveraged instruments since you are required to pay to IC Markets the Margin component only, not the full value of the underlying investment.

3.2 KEY BENEFITS OF CFDs:

- **Trade World Markets** - CFDs allow indirect investment exposure to a very large number of financial products traded on Exchanges around the world on an over the counter basis.
- **Short Selling** - They allow you to speculate and benefit from a fall in price. This is referred to as 'short-selling'.
- **Leverage** - The leverage afforded to you from dealing in CFDs allows you to obtain a larger exposure to the Underlying Instrument over which the CFD is based at a fraction of the outlay that you would have to otherwise put up if you were to buy the instrument itself. They allow potential profits significant to the outlay, as well as significant or even unlimited losses.
- **Low Transaction Costs** – Relatively low transaction costs mean CFDs are a cost effective and convenient way of gaining exposure to the world financial markets without having to purchase the Underlying Instrument itself.
- **Hedging** – CFDs can be used to hedge investments and reduce existing market risk. CFDs can be used to hedge directly, on a portfolio basis, or to cover specific risks of investments.
- **Speculation** – In addition to using CFDs as a risk management tool they can also be used to speculate on price movements in a particular market.
- **Trade in Small Amounts** – The minimum opening balance required is USD \$200 or equivalent, with the minimum margin requirement being as little as \$1 allowing you to gain exposure to larger position with a relatively small outlay.
- **Liquidity** – Foreign Exchange CFDs offer superior liquidity pricing access, particularly in the major currencies. Liquidity helps ensure price stability and low spreads.
- **Real time quotes** – Our online trading platforms allow real time quotes ensuring up to date information is provided almost 24 hours a day on any market that is opened.
- **Provide Cash Flow Certainty** – Foreign exchange CFDs allow you to agree a rate now for a time in the future allowing you to determine the exact cost of the currency and giving certainty over the flow of funds. Any profit or loss would be offset against the higher or lower price you have to pay for the currency.
- **Protect an Exchange Rate** – Foreign exchange CFDs can be used to protect against adverse market movements. Volatility can be managed using stop loss orders that protect against adverse market swings yet secure market rates. Stop loss orders can be used to eliminate downside if the exchange rate reaches a particular level. Limit orders can also be used to benefit from favourable market movements.

3.3 KEY RISKS OF CFDs:

These are the key risks of investing in IC Markets CFDs.

- **Leverage** – CFDs are leveraged as the amount you pay (the Margin) to IC Markets is typically less than the full face value of the underlying investment. You should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay IC Markets more Margin than your initial outlay. Furthermore margin requirements can change rapidly due to changes in the market for the Underlying Instrument.
- **Loss of your Investment**– Your potential losses on (long or short) CFDs may exceed the amounts you pay (as Margin) for your CFDs or we hold on trust for you.
- **Unlimited Loss** – Your potential loss on CFDs may be unlimited – more than the amount you pay IC Markets for them.
- **Trust moneys are withdrawn to pay for your CFDs** – Moneys which you pay into the client moneys trust account may not be kept there but may be withdrawn to pay IC Markets, even if you pay more than the minimum Margin required. The moneys may be withdrawn as payments to IC Markets for the purposes of hedging your CFD transactions with its Hedge Counterparties, so they are not held on trust for you and you will lose the benefits of holding those moneys in a client moneys trust account.
- **Margining (Position Closure)** – You are liable to pay Margin before the CFD is issued and you may be required to pay more Margin before a CFD is closed. Your Margin requirements can change rapidly. If you do not meet your Margin requirements, including at little or no notice, all of your CFDs may be Closed Out without notice to you and you may suffer a loss.
- **Foreign Exchange** – CFDs denominated in foreign currency can expose you to rapid, significant and large changes to the value of your Account resulting from foreign exchange rate movements. This can also trigger changes in your Margin requirements.
- **Counterparty Risk (Financial Resources)** – You have the risk that IC Markets will not meet its obligations to you under the CFD contracts that you deal in. As IC Markets is the CFD product issuer, you are exposed to the financial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you (see Section 4.20).
- **Counterparty Risk (Hedging)** - The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces its exposure by entering into a corresponding trade with another entity referred to as a Hedge Counterparty. IC Markets hedges CFD transactions with its Hedge Counterparties for the purposes of disclosing this risk you need to consider the selection procedures and counterparties used by IC Markets (see Section 4.20).
- **Gapping Risk** – The term 'gapping' refers to a situation where a CFD opens at a much higher or lower price than the previous close. In currency trading 'gapping' typically occurs when the currency re-opens for trading after a weekend. When 'gapping' occurs you may not be able to exit an existing position at the price you have specified, instead your order may be filled at the next best price which may be better or worse.
- **Liquidity Risk** – Liquidity risk typically occurs in volatile markets or in circumstances where there is a major news announcement. When there is a lack of liquidity in the Underlying Instrument you may not be able to enter or exit a trade at your requested price.
- **Market Volatility** – Financial markets are subject to high volatility causing rapid price fluctuations. This is primarily due to external influences and unforeseen events. This affects prices and spreads of CFDs.
- **System Risk** – Operational risk is inherent when trading online. Disruptions in operational processes such as communications, computer networks or external events may lead to trade execution problems.
- **Execution Risk (Slippage)** – We aim to always provide the best prices possible from our systems and fill orders at the requested rate, however there may be times where due to an increase in volatility or volume, some price 'slippage' may occur. This generally occurs during news events or 'gapping'. Execution is also subject to available liquidity in the Underlying Instrument. Your Orders may not be filled due to the

Underlying Instrument price moving significantly or liquidity exhausted, in which case your Order will be filled at the next available price.

- **Execution Risk (Delays)** – Execution delays may occur for a number of reasons such as technical issues with your internet connection to our servers. Connection strength may vary depending on the kind of device used, interruptions may cause a delay in the transmission of data between our servers to your trading platform.
- **Hanging Orders** – During periods of high volume it is possible that orders may hang. This is a condition where an order sits in the 'orders' window for a few moments until it has been confirmed as executed. Generally the order has been executed, just not confirmed to the trading terminal
- **Stop and limit orders not guaranteed** – Placing a stop order can limit your loss, however we do not guarantee that your stop order will be filled. Similarly, a limit order can maximise your profit but there is no guarantee that it will be filled. Your stop and limit orders may not be accepted or may be accepted at a price different from the price you have specified. You should anticipate being stopped out at a price worse than your requested price. You may suffer losses as a result.
- **Automated Trading Strategies (Expert Advisors)** – Your use of expert advisors is high risk. IC Markets has no control over the code or logic of these systems. Leaving such systems active without being present may cause significant losses. IC Markets does not accept or bear any liability in relations to the use of any automated trading strategies.
- **Execution Risk (Rollovers)** – Positions that remain open after 23:59:59 (Server time) will be subject to a rollover. Rollover involves debiting or crediting a trading account by the amount calculated in accordance with the rollover rates. During the rollover period trading will be disabled for between 0-10 minutes, this is to prevent widened spreads caused by 'end of day' in New York. You will not be able to trade over this period and may suffer a financial loss or gain as a result. IC Markets does not accept any liability over this period.
- **Hedging** – The ability to hedge allows you to hold both buy and sell positions at the same time allowing you to enter the market without taking a direction. You should be aware that there are a number of factors that affect hedged positions, these include rollover costs, price fluctuations or widening spreads. Such losses may even trigger a margin call.
- **Resending Orders** – Market volatility may create conditions that make it difficult to execute orders at a given price due to the large number of orders and/or liquidity therefore they may be resent. By the time the

orders are able to be executed the price may have moved from the requested price. Limit orders will be resent until the order can be filled.

For a description of all of the significant risks relating to CFDs, please see Section 5.

3.4 COSTS OF TRADING CFDs

There are costs involved in trading CFDs. The cost depends on the type of CFD traded and includes the following:

- **Transaction Fees** – You are charged a Transaction Fee when you trade CFDs with us (unless we agree otherwise). Typically this is calculated as a percentage of the Transaction's Contract Value or dollar cost per lot in the case of Foreign Exchange CFDs.
- **Dealing Spreads** – The spread is the difference between the bid and offer prices and should be factored into trading. Although not a direct cost this is a feature of the product that should be considered prior to trading.
- **Financing Charges** – Should you hold a CFD overnight you will pay a Financing Charge if you are long and receive financing if you are short. In the case of Foreign exchange CFDs this is known as a "swap" or rollover rate and is partly dependent on the interest rate of currencies quoted in the foreign exchange pair.
- **Conversion Fees** – You will be charged a conversion fee when you convert balances in your trading Account that are not held in the base currency of your Account.
- **Stock Borrowing Fees** – If you short sell a CFD and our Hedge Counterparty charges us a stock borrowing fee on our hedge trade we may pass this cost onto you.
- **Exchange Data Fees** – Although not a direct cost of the financial products issued to you, you should be aware that if you require live exchange prices IC Markets will be charged a royalty for the use of this data. We may pass this royalty cost onto you.
- **Bank Fees** – Although not a direct cost of the product you may be charged merchant or bank processing fees by us when you deposit or withdraw money from your trading Account.

For further relating to our fees and charges please refer to section 6 in addition to the worked to the worked examples in section 4.11 which outline how these fees and charges are calculated.

3.5 COMPARISON

The summary table below compares CFDs offered in this PDS generally with directly investing in the Underlying Instrument (Foreign Exchange, commodities, Exchange-traded shares, futures, bonds etc). As a summary, it cannot cover all features, risks and terms of all the financial products which are Underlying Instruments over which the CFDs are based. In addition to this summary you should ensure that you read the whole of this PDS in full.

Feature	CFDs Generally	Direct Investments (no leverage)
Exchange rules	No Exchange rules for CFDs, though Exchange rules might affect the Underlying Instrument and therefore indirectly affect the CFD.	Depends on investment – equities and futures may be exchange-traded under Exchange rules while many underlying Foreign Exchange and commodities markets are OTC.
Beneficial interest in Underlying Instrument	Holder of CFD has no beneficial interest or entitlement to the Underlying Instrument.	Investors have a beneficial interest and own the Instrument outright.
Equities - dividends and distributions	Holder of CFDs whose Underlying Instruments are equities has no right to dividends or distributions, though adjustments are made to the Account in respect of the gross cash value of dividends or distributions on the Underlying Instrument.	Investors have entitlement to available dividends and distributions on equities.
Equities - dividend imputation credits	Holder of CFDs whose Underlying Instruments are equities have no right to dividend imputation credits.	Investors have entitlement to available dividend imputation credits.
Equities - shareholder benefits (e.g., voting, participation in corporate actions, receiving company reports or purchase plans or shareholder discounts).	Holder of CFDs whose Underlying Instruments are equities have no right to shareholder benefits or plans or to direct IC Markets to act in respect of them; IC Markets may make adjustments in its discretion to CFD to reflect corporate actions.	Investors have entitlements (subject to custodian's rules) and must manage responses to them.
Value	Value of CFD is set by IC Markets and changes according to range of variables, including market price (or, if an index, the level) of Underlying Instrument (except in extreme cases of market disruption, when there may be a significant gap).	Value of direct investment changes according to market.
Leverage	Leveraged by investor paying upfront a Margin which is up to 100% of cost of Underlying Instrument.	No leverage (except for futures and exchange traded options).
Further Margining	Further Margining occurs.	No Margining (except for futures and exchange traded options).
Short positions	Short CFDs possible, depending on availability and regulations.	Direct investment is a 100% long position (except for

		futures and exchange traded options).
Custody	Holder has CFD; but no interest in Underlying Instrument or any Margin paid to IC Markets.	Investments are held directly by the investor or in custody according to investor's wishes.
Recourse	Holder is an unsecured creditor of IC Markets, limited by IC Markets' recourse against its Hedge Counterparty (See section 4.20).	No need for recourse except risk of custodian default or broker fraud.
Trading	By telephone or on-line trading system.	As permitted by broker.
Finance Charges	Finance Charge imposed on value of CFD position and/or Withdrawable Funds in your Account (See section 6.3).	None

3.6 NATURE OF A CFD

A CFD is a sophisticated over-the-counter financial product which allows you to make a profit or loss from changes in the market price of the CFD's Underlying Instrument, without actually owning that financial product or having any direct 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 Underlying Instrument when the CFD is opened and the price of the Underlying Instrument when the CFD is Closed, and multiplied by the quantity of the Underlying Instrument to which the CFD relates.

Unlike direct investments made by trading on an Exchange, CFDs are not standardised. The terms of CFDs are based on the Account Terms with IC Markets, which apply to your Trading Account and your CFD Transactions with us.

Dealing in CFDs does not give you any beneficial interest in the Underlying Instrument nor any right to acquire the Underlying Instrument itself. This is different from direct trading in the Underlying Instrument where you acquire a beneficial interest in the actual financial product.

As the holder of a CFD, you do not have a beneficial interest in the Underlying Instrument and you have none of the rights of an investor who holds the financial product itself.

The CFDs offered by IC Markets are based on the price of financial instruments including the following:

- Securities (stocks or equities);
- Global Indices;
- Futures Contracts;
- Commodities;
- Bonds; and
- Foreign Exchange (FX or Forex).

3.7 PURPOSE OF CFDs

People who deal in CFDs may do so for a variety of reasons.

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

Others trade CFDs to hedge their exposures to the CFD's Underlying Instrument. For example, CFDs can be used as a risk management tool to enable those with existing holdings of an Underlying Instrument to hedge their positions by investing in CFDs.

CFD traders can potentially profit (and lose) from both rising and falling markets depending on the strategy they have employed across all of their investments. Strategies may be complex and will have different levels of risk associated with each strategy.

Whatever the purpose of the dealing, CFDs allow you to trade indirectly in the Underlying Instrument across a number of Exchanges around the world, without the need for arranging separate broker or custody accounts in each country and having to manage payments for all of those accounts.

The use of CFDs involves a high degree of leverage. These CFDs enable an investor to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the CFD's Underlying Instrument. 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 paid to IC Markets to establish or to maintain the CFD (see Section 4.11 for an example of a loss made on a CFD Transaction).

3.8 CLIENT QUALIFICATION AND SUITABILITY

We make an initial assessment of your suitability to invest in CFDs based on the information you give us but you should always make and rely on your own assessment. You should carefully consider the features of CFDs and their significant risks before investing in them.

IC Markets operates a client qualification policy which is intended to ensure that new clients are reasonably qualified to trade in CFDs. All new clients are assessed and have to pass a qualification test before they are allowed to trade. The test is designed to assess the understanding and experience in CFDs.

Some key suitability considerations we will assess you on are:

- Whether you have previous investment experience
- Whether you understand the nature of CFDs and how they work
- Whether you understand the processes and technologies used in trading
- Whether you can monitor your CFD positions and manage risk
- Whether you understand the concepts of leverage, margin, and volatility

IC Markets requires clients to answer a number of questions based on these topics. If a pass mark is achieved clients are deemed appropriately suitable to trade and their Account is activated for trading. If a pass mark is not achieved we advise you to open a demo account in order to gain a better understanding of the financial product.

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

Section 4 – How to Trade

4.1 YOUR ACCOUNT

Before trading you should read the contents of this PDS, the FSG and the Account Terms and decide whether CFD trading is suitable for you.

To establish a trading Account you will need to complete IC Markets' Account application form, available at www.icmarkets.com or by contacting IC Markets directly. By opening an Account, you agree to the Account Terms. We may reject your account application at our discretion.

We will ask you questions that will help us assess your suitability to trade CFDs. If we decide that you do not have the relevant experience we may recommend that you open a demo account prior to opening a live Account.

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

The Account Terms contain the legal terms for your dealings with us for the CFDs covered by this PDS and also the dealings in other financial products which are not covered by this PDS (such as trading in other kinds of CFDs offered by IC Markets).

Your Account is credited by the amount equal to the amount you pay IC Markets and deductions are made for fees, charges and other amounts you owe. The minimum required Margin cover is posted to the Account as a negative amount. The Withdrawable Funds of the Account is the amount calculated after the Margin amount has been deducted.

If your Account's Withdrawable Funds are in excess of your needs for your trading intentions, then you should consider requesting IC Markets pay to you the amount surplus to your Margin requirements.

4.2 OPENING A DEMO ACCOUNT

If you are unsure about how CFDs work, we recommend that you apply for a demo trading account and trial our trading platform prior to opening a live account.

Our demo accounts mirror our live trading platforms and provide you with a virtual balance to trade with. This enables you to become familiar with the platform features and whether or not you feel that CFDs are suitable for you.

We make available demo trading accounts on our website www.icmarkets.com

4.3 BASE CURRENCY

We can apply a Base Currency of AUD, USD, EUR, GBP, JPY, NZD, CAD, CHF, HKD or SGD to your Account.

Moneys received by us in a different Base Currency to that of your Account will be converted back to your Account currency at the exchange rate applied by our bank.

All the information within your trading platform is displayed in the Base Currency of your Account.

When you trade a CFD that is denominated in a currency other than your Base Currency, all financing adjustments are made in that currency and then converted to your Base Currency at our current exchange rate.

4.4 OPENING A CFD

The particular terms of each CFD are agreed between you and IC Markets before entering into a Transaction.

Before you enter into a CFD transaction, IC Markets requires you to pay an Initial Margin amount. This is paid to IC Markets and the amount is credited to your Account (and after payment of it to IC Markets, those funds are not held on your behalf).

The fees and costs of transacting CFDs with IC Markets are set out in this PDS.

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 Underlying Instrument to which the CFD relates will increase. This 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 Underlying Instrument to which the CFD relates will decrease. This would have the effect that the value of the CFD would decline.

When you close your CFD position, you are entering into a new CFD transaction opposite to your opening CFD Transaction for an equal number of the same CFDs. You are liable for the costs, fees and charges as described in this PDS (see Section 6). You should be aware that your investment might incur a loss, depending on the marked-to-market value of your transaction at closure compared with the total cost of your investment in the CFD up to the point of closure.

IC Markets is entitled to close Open CFD Positions for a number of reasons including the following events: default, force majeure, contract expiry, suspension or de-Listing of an Underlying Instrument to which a CFD relates, suspension of an Account and termination of your Account in accordance with the Account Terms.

Prices for CFDs are quoted with a bid price and an ask price. The CFD quote given to you by IC Markets allows you to buy the CFD (going long) at the higher quoted price or to Close Out an existing (long position) CFD at the lower quoted price.

Settlement must occur on the agreed date. Changes to the specified settlement date are permitted only if you and IC Markets later agree. Generally, dealing in CFDs through our online service arranges for automatic settlement by immediately posting the transaction to your Account.

4.5 DEALING

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

Quotes are normally only given and transactions made during the open market hours of the relevant Exchange on which the Underlying Instruments are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website or by contacting IC Markets.

IC Markets may at any time in its discretion without prior notice impose limits on CFDs in respect of particular Underlying Instruments. Ordinarily IC Markets would only do this if the market for the particular Underlying Instrument has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities or the company whose shares the CFD is based on has become externally administered.

You should be aware that the market prices and other market data which you view through IC Markets' online trading platforms or other facilities which you

arrange yourself may not be current or may not exactly correspond with the prices for CFDs offered or dealt with by IC Markets.

If you access your Account and any online trading platform 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 Underlying Instrument is open to trading. The market prices (and currency exchange values) might have changed significantly by the time the Order is executed.

4.6 CONFIRMATIONS OF TRANSACTIONS

If you transact in CFDs, the confirmation of that transaction, as required by the Corporations Act may be obtained by accessing your daily statement online, which you are able to print out for your records.

Once you have entered an order into an online trading platform, the system may report the details of your transaction in a electronic online statement. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act.

If you have provided IC Markets 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 your trade confirmations immediately to ensure their accuracy and to report any discrepancies to us within 48 hours.

4.7 PAYMENT FLOWS AND CLIENT MONEYS

This describes the payment flows when you invest in CFDs. For each of the major phases (establishing your CFD, Margining, return of Margin, Close Out) there is a short summary followed by a more detailed explanation.

Establishing CFD Position

Here is brief outline of the steps.

1. Client pays into IC Markets' client moneys trust account.
2. Client moneys are withdrawn from trust account to pay as Initial Margin to IC Markets.

Detailed explanation of Client Moneys when establishing a CFD Position

Before you transfer any money to IC Markets, you should carefully consider how your money will be held and used and the risks to you of paying money to IC Markets.

Client Moneys Trust Account

Moneys paid by you to IC Markets for CFDs are initially deposited into a client moneys trust account maintained by IC Markets. You make your deposit by using BPay[®], electronic or telegraphic transfer, by cheque, credit card or other approved means. Unless agreed otherwise by us, payments will be required in Australian dollars.

IC Markets only permits clients to trade on cleared funds, ASIC recommends that when credit cards are used as an account funding method that no more than \$1,000 be accepted as an initial payment. IC Markets recommends the same however we do not enforce this policy since we believe that the capping of a one-off payment is not likely to act as a protective measure. For instance clients could quite easily use credit cards for cash advances to fund their Account. **We do however reiterate that when trading CFDs you may incur a loss which is far greater than the amount that you have paid** and advise that you not only take this into account when you are using a credit card to make the first ever deposit into your account, but also for all subsequent deposits.

When you make a payment which is deposited into the client moneys trust account, you are making payments which, after withdrawal from that account will be used for the fees and charges in respect of your CFDs and the balance will be used as payment of Margin (which is part payment for the CFD because you take the benefit of IC Markets only requiring an amount of Margin cover which is less than the full notional value of the CFD).

The moneys paid by you into IC Markets' client moneys trust account are held for you and are segregated from IC Markets' own company funds. That means those funds are not available to pay general creditors in the event of receivership or liquidation of IC Markets.

You should be aware that, for client moneys trust accounts:

- Individual client accounts are not separated from each other.
- All clients' moneys are combined into one account.
- Moneys in the client moneys trust account which belong 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. This is because IC Markets may use the moneys to pay itself for its hedge of

your CFD (See section 4.20). Also, IC Markets is permitted by law to use client moneys in the client moneys trust account to meet obligations incurred by IC Markets in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives.

- IC Markets is entitled to retain all interest earned on the money held in its client moneys trust account.

Use of Client Moneys

The Account Terms provide that you cannot make a payment into the client moneys trust account without also directing that it be withdrawn to pay IC Markets. Therefore you should only pay into the client moneys trust account the amount which you are prepared to have withdrawn to pay IC Markets so it may credit your trading Account. If you do not want your moneys withdrawn from the client moneys trust account to fund your Account, then you should not pay the moneys into the client moneys trust account.

Client moneys might be in the client moneys trust account for a short time, typically as little as the same day as you deposit them or as much as a few days. Your deposited moneys are regularly withdrawn from the client moneys trust account because you direct those payments to pay for your CFDs. You make those directions by your Account Terms and each time you make a deposit into the client moneys trust account. This is because IC Markets can only issue you with CFDs when you have paid Margin for them (IC Markets will not issue you with a CFD before IC Markets has received payment in cleared funds for the CFD, unless it chooses to waive that at any time and from time to time). Your moneys have to be withdrawn from the client moneys trust account to pay Margin to IC Markets for the CFD before IC Markets will issue you with the CFD (unless IC Markets, in its absolute discretion, chooses to credit your Account before it withdraws your money from the client moneys trust account).

After receiving or depositing money into the client moneys trust account, IC Markets will withdraw your funds from the client moneys trust account to pay itself for your CFDs (including for any other fees or charges or other payments which you owe according to the Account Terms or for other amounts for your Account).

IC Markets' general policy is that it will withdraw from the client moneys trust account all of the funds you deposit for your Account, even if it is more than the required minimum Margin. If it is not withdrawn from the client moneys trust account, then the credit cannot be given to your Account for that amount remaining in the client moneys trust account and so you cannot trade on the basis of that amount.

You are free to decide that it is more prudent for you to pay more than the required minimum Margin to reduce the risks from leveraging or to avoid having limited time (or no time) for meeting later Margin requirements. Also, you need to pay IC Markets before your trade (holding moneys in the client moneys trust account is not payment to IC Markets). Your Account Terms and your directions give IC Markets its entitlement to withdraw your funds from the client moneys trust account to pay itself all of the funds you deposit.

All of the funds which it withdraws are payments for your CFD and the amount paid to IC Markets is the amount credited to your trading Account.

This general policy of withdrawing all of your funds will not apply if you have given other written instructions, such as to credit other specific Accounts you have with IC Markets, or you want the moneys invested in an approved, external financial product, (which will not give you any credit in your Account) or the moneys are held in the client moneys trust account while waiting instructions from you.

Withdrawal Authority

You must pay Margin to IC Markets for the CFD before it is issued. You must pay Margin in an amount of at least the minimum required Margin amount. Since you must pay Margin before the CFD is issued and you control when you place orders, we require that all of your moneys must first be deposited into the client moneys trust account and then all of it be withdrawn to pay IC Markets for your Account. IC Markets only accepts your payment into the client moneys trust account on the basis that it is authorised and directed by you to withdraw all of those funds to pay IC Markets as Margin for your Account, even if it is before you have traded any CFD or, after you have traded, you have paid more Margin than the minimum required Margin. Your acceptance of the Account Terms and your payment to the client moneys trust account accompanied by your direction gives IC Markets the authority to withdraw all of your funds.

IC Markets uses these terms, policies and procedures to ensure each client's payments for CFDs are promptly and fully allocated to that client's Account.

After withdrawal from client moneys trust account

Moneys are withdrawn from the client moneys trust account either to pay IC Markets or to pay you. Moneys withdrawn to pay IC Markets are IC Markets' moneys (and are not held for you). Margin is part payment by you to IC Markets for the CFD and is not held on deposit for you.

From the time of withdrawal from the client moneys trust account:

- you lose the protections given to a client moneys trust account of that kind; and
- you are an unsecured creditor of IC Markets for its obligations relating to the CFD. This includes exposure as an unsecured creditor for payment to you of the net account balance (if any) after closing all of your CFD positions;
- you are not beneficially entitled to any moneys paid by IC Markets to manage those hedge contracts nor do you have any beneficial interest in those hedge contracts for those hedge contracts.

IC Markets reduces the risks to you by:

- using funds from Client payments made to IC Markets only for hedging or managing the hedging of its hedge contracts for those Clients or for paying fees and charges due in relation to IC Markets products;
- IC Markets managing all Clients' Margin requirements under a policy designed to reduce risk to IC Markets and therefore benefit all of its Clients.

4.8 MARGIN POLICY

IC Markets applies the following main Margin principles:

- Each Client is required to pay a minimum required amount of Margin before issuance of IC Markets products.

The minimum margin amount is determined by IC markets based on a number of factors, including the market price of the Underlying Instrument, the Margin required to hedge the underlying market, the Margin which IC Markets is required to pay its Hedge Counterparty and IC Markets' risk assessment of the Client, in addition to any unrealised loss on your Clients trading account at any point in time.
- Each Client is required to pay Margin before issuance of IC Markets Products in order to minimise credit risk to IC Markets and therefore benefit all Clients.
- Each Client is required to pay the minimum required Margin even if IC Markets pays less to its Hedge Counterparty. This is to minimise the risk of any one Client benefiting from other Clients.
- Each Client's Account is promptly adjusted for Margin requirements according to market movement so that no Client is intentionally benefited from other IC Markets Clients' CFD trading. This could occur if, for example, the Client's Margin requirements are not adjusted in line with market changes or the credit risk on the Client.
- Each Client is required to pay Margin calls promptly and that is managed within the requirements of the Margin policy, so that no Client receives any substantial benefit or waiver which imprudently jeopardises IC Markets and therefore increases the risks of other Clients to IC Markets.
- If the total amount of Margin required, and paid by, Clients trading in CFDs is more than IC Markets is required to pay its Hedge Counterparty, the surplus may be retained in the client moneys trust account only for managing hedge contracts and paying Clients the amounts to which they are entitled. This enhances the liquidity of IC Markets to meet its own margin calls by having readily available sufficient funds and protecting those funds from other clients.

Detailed explanation of Margining of CFDs

Here is a summary of the key features of Margining which are explained later in this Section:

- **You are liable to meet all calls for Margin for your Trading Account.** (Remember, a Non-margin product which may have a 100% Margin requirement will not generate its own later Margin call but if your Non Margin Product is being used as Margin it could expose you to being Closed Out if you do not meet Margin calls).
- Margin is your payment to IC Markets for the CFD issued to you. The amount of Margin you pay (after it is withdrawn from the client moneys trust account) is credited to your Account.
- When you have CFDs, you are also liable to meet all **Margin calls** for additional payments to IC Markets.
- This Margin call **obligation is in addition** to your obligation to maintain the minimum required Margin cover for your account.
- **There is no limit as to when you need to meet your margin calls**, how often or the amount of the Margin calls.

- **The timing and amount of each Margin call** will depend on movements in the market price of the Open Positions, the movements in the market price of the Non Margin Product, if used as Margin and the changes to your account value.
- **You have an obligation to meet the Margin call even if IC Markets cannot successfully contact you.**
- You have a risk of your **CFDs being immediately Closed Out** if you do not meet the requirement to meet a Margin call.
- When you have CFDs, you are obliged to maintain at all times the **minimum Margin cover** for all of your CFDs.
- It is **your obligation to monitor** the minimum amount of Margin cover required for your Account.
- It is **your obligation to maintain the minimum Margin cover** at all times for so long as you have CFD positions Open.
- **We are not obliged to notify** you about your obligation, though we may do so by email, telephone call or otherwise, as a courtesy.
- **You have a risk of all of your CFDs being Closed Out if you do not have in your Account sufficient Margin credited to it**, regardless of whether you have checked your Account's requirement for minimum Margin cover or whether you have tried to make a payment but it has not been credited to your Account.

Maintaining Minimum Margin Obligation

Apart from your Margin call obligations, it is your obligation to monitor the minimum amount of Margin required for your Account.

- It is your obligation to maintain the minimum required Margin at all times for so long as you have an Open Position, this means you must ensure that the Margin cover amount is positive at all times.
- IC Markets is not obliged to notify you about the amount of your Margin cover, though we may do so by email, telephone call or otherwise, as a courtesy.
- You have a risk of your open positions being Closed Out if you do not have in your Account sufficient Margin credited to it, regardless of whether you have checked your Account's requirement for minimum Margin or whether you have tried to make a payment but it has not been credited to your Account.

Paying Margin

You must pay the Initial Margin before the CFD is issued to you. You must then maintain the minimum amount of Margin cover required by us. Separately, you must pay any Variation Margin when we require.

To pay Margin you must first deposit the funds into the client moneys trust account. The funds are withdrawn and paid to IC Markets in order to Hedge your transactions.

Your payment is effective only when cleared funds are withdrawn from the client moneys trust account (unless IC Markets, in its absolute discretion, chooses to credit your Account before it withdraws your money from the client moneys trust account). IC Markets is authorised to withdraw all of the funds which you deposit due to the Account Terms and the basis of your payment into the client moneys trust account. Do not make any payment into the client moneys trust account unless you are prepared for all of those funds to be withdrawn in payment to IC Markets (for hedging and for fees and charges).

Credit for Margin paid

- Your payment to IC Markets is effective only when IC Markets has credited your payment after withdrawing it from the client moneys trust account. However, IC Markets may, in its absolute discretion, choose to credit your Account before it withdraws your money from the client moneys trust account.
- Payment instructions from your financial institution are insufficient to satisfy your obligation to make a payment to IC Markets. IC Markets does not accept as payment just your copy of your payment instructions into the client moneys trust account.
- You do not satisfy your payment obligations to IC Markets merely by having your moneys in the client moneys trust account. For so long as your moneys remain in the client moneys trust account, they are held in trust for you and cannot be counted as payment for or credit for your Account (unless IC Markets chooses to waive this by crediting your Account before it has withdrawn the funds).

When the moneys are withdrawn in payment to IC Markets, your Account is credited with the amount paid (although we may in our discretion credit your Account before withdrawal is made). Your Account balance is debited for any

fees and charges you owe. The balance must be more than the minimum amount of Margin cover required for your CFDs.

Tiered Margins

IC Markets may use tiered margins to increase your margin requirement as the total net position on your account grows. Tiered margins are designed to give low margins on small positions and high margins on large positions. In doing this, margins reflect the greater liquidity and lower implied risk at smaller lot sizes and lower liquidity and greater implied risk when dealing with larger lot sizes. Visit www.icmarkets.com or speak with an IC Markets representative for more information.

How is Margin cover calculated?

As with most other CFDs, IC Markets may set the amount of the Initial Margin and also at any later time require more Margin cover.

The minimum Initial Margin will be set by IC Markets in terms of a percentage of the Australian dollar equivalent value of the CFD Transaction. In the case of share CFD Transactions, the Initial Margin immediately payable is typically between 5% - 60%, but may be as high as 100%. In the case of foreign exchange CFDs the margin will typically be between 0.2% - 1%, this is expressed as a multiplier of 1:500 - 1:100. The default leverage for foreign exchange CFDs is 1:100 however this can be increased by request and subsequent approval by IC Markets after considering the clients suitability.

For example, you buy a Foreign Exchange CFD over AUD/USD and the CFD price at 0.77. This CFD requires a 1% margin, the initial margin requirement is therefore $(10,000 \times 0.77 \times 1\%) = \text{USD } \77 .

Owing to the volatility of the market, the amount of required Margin may change after a position has been opened, requiring a further payment for Margin. Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes (and might be insufficient coverage). If you have CFDs denominated in currency other than Australian dollars, any fluctuations in the exchange rate adverse to your CFD position can lead to automatic adjustments to your required Margin cover, so you need to monitor these CFD positions very carefully.

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

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

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

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

Your obligation to pay Margin arises under the Account Terms so it applies from the time you open a position. If the market moves so as to increase the minimum Margin cover requirements, or we increase the Margin cover requirement, you immediately owe the increased amount of the Margin cover, regardless of if or when we contact you to pay more Margin. Your obligation (to maintain minimum Margin cover) remains at all times, whether or not we contact you and whether or not you log into your Account.

You will be required to provide the required Margin 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 cover. You might receive notice about Margin cover requirements by email, SMS messages or, when you access your Account online, by messages on your screen, but you need to provide the Margin cover whether or not you get that notice.

The value of your CFD positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin cover requirements for your Account. At weekends or at other times when trading on the Exchange relevant to the Underlying Instrument is closed, some Margin cover requirements automatically increase. You should note that if the underlying market is not trading then the value might not change until the market re-opens and there might be a gap in prices/values at the time of re-opening.

Further Margin payments

For as long as your CFD position is opened, you are required to maintain a minimum margin requirement. Where your margin requirement is a floating amount rather than a fixed amount, we will recalculate the margin that you

are required to pay on a mark-to-market basis. For example, if one week after you open your Foreign Exchange CFD position in AUD/USD the price has risen to \$0.80 you will be required to maintain a margin of USD \$80 (an extra \$3). Conversely should the price of the Foreign Exchange CFD have dropped your margin requirement would be reduced.

Making Margin payments

It is your responsibility to constantly monitor your open positions to ensure that you retain your margin requirement based on the value of your open positions. If your margin requirement is less than the available balance of your account you will be required to fund the shortfall.

We may call you to inform you that you are liable to make an additional margin payment (margin call), however our failure to make a margin call in no way negates your obligation to monitor your position and pay any shortfall. If you do not pay any shortfall the Account Terms give us rights that you should be fully aware of. These rights include but are not limited to, closing your positions without notice. We have these rights as soon as you have a margin shortfall. Margin payments must be in the form of cleared funds in our bank account.

Margin Calls

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

- In normal circumstances we will endeavour to notify you of a margin call via an email or alert from within the trading platform. This serves as notice that your trades are at risk of being closed out. You are responsible for monitoring your trading account and ensuring that you have sufficient funds available to meet your margin obligations. We have no obligation to provide you with notification, this service is provided to you on a best endeavours basis.
- If no time is stipulated, payment is required within 24 hours of the Margin call being made. Sometimes, however (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin call (that is, immediate payment is required) or more than one Margin call may be made on the one day including at weekends or outside of local business hours.
- Even if you do not answer the telephone on the number you give us, or you do not read the emailed Margin call which was sent to the email address you gave us, you remain liable to meet the Margin call. That is why you need to be contactable 24 hours a day, 7 days a week.
- Whilst being on margin call if your deposit ratio falls below 50% (your surplus is less than 50% of the margin requirement), we will automatically close out your positions to facilitate your margin obligation to us. This level is indicative only, is not guaranteed and may differ based on market conditions and the instruments traded. You should be aware that any open positions will be at risk of closure when your account enters into a Margin call.

Your Margin Defaults

If you do not ensure that you maintain the required level of Margin cover or meet your obligation to pay Margin calls (even those requiring immediate payment), all of your positions may be Closed Out and the resulting realised loss deducted from any proceeds. Any losses resulting from Closing Out your positions will be debited to your Account(s) and you may be required to provide additional funds to IC Markets to cover any shortfall. Position closure does not protect your account from entering into a deficit balance. If you are trading through an online trading platform, you must read any rules of the platform (also known as "Trading Conditions") particularly carefully. If you do not comply with your obligations, all of your positions can be Closed Out automatically without any notice to you.

It is your responsibility to pay your Margin cover and to meet Margin call payments on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by IC Markets by the time you are required to have the necessary Margin cover or meet the Margin call, you could lose some or all of your positions. IC Markets may but need not give you any grace period. You should maintain a prudent level of Margin cover and make payments in sufficient time to be credited to your Account. Please see "Margin risk" in Section 5.

IC Markets allows you to make payment in a number of ways. The most efficient way is by credit card.

Surplus Margin

Clients can request the payment of an amount which will leave more than the required minimum Margin cover in their trading Account. IC Markets will arrange payment directly to you once you request funds to be withdrawn from your trading account.

CFD Close Out

Here are the main steps.

1. Client closes CFD, realising gain or loss. Assume in this example case that this leaves Client's Account with a net credit balance above any remaining required minimum Margin cover (if any remains).
2. Client requests payment of an amount which will leave the required minimum Margin cover (if any).
3. IC Markets arranges for payment of funds into Client's nominated bank account.

4.9 FINANCE CHARGE ADJUSTMENTS

Finance Charges are calculated daily on CFD positions held overnight by applying the applicable interest rate to the daily Closing Value of the CFD position. The daily Closing Value is the number of the CFD's Underlying Instrument multiplied by the Closing Price of the CFD for that day. For example, the applicable Finance Charge might be 8.00% and the Closing Price of the Underlying Instrument on a particular day might be \$2.90. The Closing Value of a 10,000 CFD position would be \$29,000 (i.e. 10,000 x \$2.90). So the Finance Charge for the position for this particular day would be \$6.44 (i.e., \$29,000 x 8.00%/360). Finance Charge adjustments are calculated and posted to your Account on a daily basis.

4.10 DIVIDEND AND CORPORATE ACTION ADJUSTMENTS

A dividend adjustment is applied when a share (or a component share in the case of stock indices) passes its *ex-dividend* date (also referred to in the market as the "record date", including the *ex-dividend* date of any special dividend) in the underlying market. In the case of long positions, the dividend adjustment is credited to your Account, in the case of short positions it is debited from your Account. The dividend adjustment for equities (Australian or otherwise) varies depending on local tax arrangements which may vary from time to time. An adjustment will also be made to your Account to reflect the effect of a corporate action such as a bonus share issue, share offer or rights issue affecting the Underlying Instrument if you have an open CFD position.

4.11 CFD TRADING EXAMPLES

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

Equity CFDs

An equity or share CFD allows you to gain exposure to movements in the price of the Underlying Instrument that you would obtain directly from owning the Equity itself. CFDs over Equities held overnight will incur a financing charge which may work in your favour or against you depending on whether you are long or short. A commission that is a percentage of the value of the equity CFD transaction is charged.

Opening and closing a 'long' Equity CFD Contract

Opening the position

Zulu Mining Limited shares are quoted at \$2.85/\$2.86 on the Exchange, and you believe that their price will rise. You decide to 'buy' 10,000 equity CFDs at \$2.86, the offer price. While your Zulu Mining Limited position remains open, your Account is debited to reflect interest adjustments and credited to reflect any dividends.

Closing the position

Some weeks later, Zulu Mining Limited has risen to \$3.20/\$3.21 on the Exchange and you decide to take your profit. You sell 10,000 equity CFDs at \$3.20/CFD, the bid price. Your profit on the Transaction is calculated as follows:

Closing level:	\$3.20
Opening level:	\$2.86
Difference:	\$0.34
Gross profit on Transaction:	\$0.34 x 10,000 = \$3,400

Initial Margin

The Initial Margin required to open your position was 10% x \$2.86 x 10,000 = \$2,860.

Finance Charge adjustments

Interest costs (imposed by way of the Finance Charge) are calculated daily on positions held overnight by applying the applicable interest rate to the daily Closing Value of the position. The daily Closing Value is the number of shares multiplied by the Closing Price. For example, the applicable interest rate of the Finance Charge might be 8.00% p.a. and the Closing Price of the share on a particular day might be \$2.90. The Closing Value of a 10,000 equity CFD position would be \$29,000 (i.e., 10,000 equity units x \$2.90). So the interest cost for the position for this particular day would be \$6.44 (i.e., \$29,000 x 8.00%/360). Finance Charge adjustments are calculated and posted to your Account on a daily basis.

Transaction Fee

For equity CFDs, a Transaction Fee is payable by way of the Transaction Fee on the opening and closing Transaction value. In the above example (and using a Transaction Fee rate of 0.1%) the Transaction Fee payable would be:

Opening Value = 10,000 x 2.86 x 0.1% = \$28.60
 Closing Value = 10,000 x \$3.20 x 0.1% = \$32.00.

There is no GST payable on CFD Transactions.

Calculating the overall result

To calculate the overall or net profit on your CFD Transaction you have to take into account the Transaction Fees you have paid and the interest (Finance Charges) and dividend adjustments that have been credited or debited. In the above example, you might have held the position for 21 days, at a total interest cost of \$162. During this time if Zulu Mining Limited declared a cash dividend of 6 cents per equity your Account would be posted with a credit for a dividend adjustment of \$600 (10,000 x \$0.06). Here is a summary (this and later summaries exclude the effect of tax on your financial situation):

Gross profit on Transaction: \$3,400
 Total Transaction Fees: (\$60.60)
 Interest (Finance Charge) adjustment*: (\$162)
 Dividend adjustment: \$600
 Net profit on Transaction: \$3,777.40

Opening and closing a 'short' or 'sold' Equity CFD Contract

Opening the position

It is July and you think Pancon Industries Limited shares are about to fall. The share is quoted on the Exchange at \$3.71/\$3.72. You sell 10,000 equity CFDs at \$3.71, which is the bid price at the time. Using a Transaction Fee rate of 0.1%, it would be \$37.10 (10,000 x \$3.71 x 0.1%). Your Margin for this Transaction is \$3,710 (10,000 x 3.71 x 10%). Your Account balance is currently \$5,000 before this Transaction takes place.

Because you have taken a short position, in this example your Account is credited to reflect interest adjustments and debited to reflect any dividends. Finance Charge adjustments are either made by crediting your Account.

Finance Charge adjustments

The Finance Charge credit on your position is calculated daily, by applying the applicable interest rate to the daily Closing Value of the position. In this example, the applicable interest rate of the Finance Charge might be 3.00% and the Closing Price of the shares on a particular day might be \$3.70, giving a Closing Value of \$37,000 (i.e., 10,000 x \$3.70). So the Finance Charge credit for the position for this particular day would be \$3.08 (i.e. \$37,000 x 3.00%/360).

Dividend adjustment

At the end of August your position is still open at the time of the Pancon Industries Limited ex-dividend date. The amount of the declared cash dividend is 10 cents per share and this is debited from your Account. The adjustment is calculated as follows: 10,000 x \$0.10 = \$1,000.

Closing the position

By early September, Pancon Industries Limited has risen to \$3.97/3.98 on the Exchange and you decide to cut your loss and close the position. You buy 10,000 Equity CFDs at \$3.98/CFD, the offer price. The Transaction Fee on the Transaction is 0.1% or \$39.80 (10,000 x \$3.98 x 0.1%).

Your gross loss on the Transaction is calculated as follows:

Closing level: \$3.98

Opening level: \$3.71
 Difference: \$0.27
 Gross loss on Transaction: \$0.27 x 10,000 = (\$2,700)

Calculating the overall result

To calculate the overall or total loss on the CFD you also have to take account the Transaction Fees you have paid and the Finance Charges and dividend adjustments. In this example, you might have held the position for 65 days, earning a total Finance Charge credit of \$219. Your Account has been debited for a dividend adjustment of \$1,000. The overall or total result of the Transaction is a loss, which is calculated as follows:

Gross loss on Transaction: (\$2,700)
 Total Transaction Fee: (\$76.90)
 Finance Charge adjustment*: \$219
 Dividend adjustment: (\$1,000)
 Overall or total loss: (\$3,557.90)

Stock index CFDs

Trading on stock index CFDs allows you to gain exposure to a large number of different shares in one single transaction. They can be used to take positions on the direction of a whole market without taking a view on the prospects for any particular company's shares. A short position can be used as a rough, low-cost, hedge to protect a diversified share portfolio against market falls. A Stock Index CFD works in the same way as a CFD on an individual share in that they allow you to make a profit or loss by reference to fluctuations in the value of the underlying index, such as the S&P/ASX 200 Index. There will be a Transaction Fee payable on opening or closing a stock index CFD. A Finance charge may be payable or receivable and in the case of cash stock index CFDs dividend adjustments may be applicable. When trading stock index futures CFDs there are no adjustments for dividends, however a price adjustment may be made upon expiry of the underlying futures contract over which the index CFD is based. An Index CFD is an open ended contract that is not subject to an expiry date however an adjustment may be made when the underlying futures contract expires and a new contract commences

Stock index CFDs are opened in the same way as individual share CFDs. You will be required to pay Margin. Details of how this will be calculated are set out below. There are two basic types of stock index CFDs - these are cash stock index CFDs and stock index futures CFDs.

A stock index CFD worth \$25 per point and opened at our quote of 3000 would have a value of \$75,000 (3000 x 25). The margin requirement for stock index CFDs is available from us and can be found on the trading platform.

Stock index CFDs (Cash) Example

Buying the Stock index CFD (Cash)

The ASX 200 Index CFD is trading at 4450-4451, you believe that the S&P/ASX 200 Index will rise as a result you buy 10 CFDs at 4451.

Two days later the ASX200 Index is trading at 4470-4471 and you decide to take your profits and close your position by selling 10 ASX200 Index CFDs at 4470.

Your profit or loss is calculated as follows:

Interest Rate : 6.75% (RBA rate plus 2%)
 Daily Closing Price (mark-to-market price) : 4451
 Buy Opening Level : (10 x 4451) = \$44,510
 Sell Closing Level : (10 x 4470) = \$44,700
 Difference : (44,700 - 44,510) = \$190.0
 Financing Adjustment : [\$44,510 x (6.75% / 360)] x 2 = (\$16.69)
 Gross Profit on Transaction : = \$173.31

IC Markets offer a wide range of European, US and Asian futures CFDs.

When trading stock index futures CFDs, it is important to remember that the current price of the underlying futures contract will not normally be the same as the price of the underlying index. There are, broadly speaking, two reasons for this:

Futures contracts usually trade at prices which reflect the interest rate advantage, and the disadvantage of foregone dividends, which is obtained by taking a long position in a futures contract rather than buying actual shares for cash. Interest rates are generally higher than dividend yields, so the futures contract will usually have a natural premium, called a fair value

premium, to the underlying index. Futures prices can respond to news or a change of sentiment more quickly than indices, which are not fully up to date until every individual share which they contain has traded. In a volatile market, futures contracts can trade at very substantial premiums or discounts to their underlying index. IC Markets' quotes for cash stock index CFD's take into account of these phenomena. You should also note that CFDs over futures contracts may be subject to price adjustments when the underlying contract expires and a new contract is entered into.

Stock Index (Futures) CFD Example

Selling the ASX200 Futures Contract

The ASX200 futures contract is trading at 4450-4451. You believe that the ASX200 futures contract price will fall so you sell 10 CFDs at 4450.

Two days later the price of the ASX200 futures contract has risen to 4470-4471 so you decide to close your position by buying 10 ASX200 futures CFDs at 4471.

Your profit or loss is calculated as follows:

Sell Opening Level	: (10 x 4450)	= \$44,500
Buy Closing Level	: (10 x 4471)	= \$44,710
Difference	:	= -\$210
Gross Loss on Transaction	:	= -\$210

There are no financing charges on CFDs over futures contracts.

Expiries and Rollovers

All stock index CFDs expire at the appropriate market level and date as detailed in the specific contract details at the market level adjusted for our bid/offer spread.

Some CFDs based on futures contracts will be automatically rolled over into the next contract by us. When we roll into the next contract a debit or credit will be applied to your Account reflecting the difference in Contract Values.

Example of a cash stock index CFDs dividend adjustment

As explained earlier, forward contracts trade at prices which reflect the dividends which companies are due to pay. When dividends are paid, the share price drops and these need to be adjusted for in the price of our cash index CFDs.

The adjustment may even be made the night before the *ex-dividend* date in order to maintain a fair and orderly market.

For example, BHP announces a dividend of 35 cents per share and is the only company in the S&P™/ASX 200™ Index that day to pay a dividend. BHP's share price closes on the night before the *ex-dividend* date at \$35.00. All things being equal a company's share price will fall by the price of the dividend being paid so when the share's start trading *ex-dividend*, they should open up 35 cents lower at \$34.65 on the morning of the *ex-dividend* date.

If BHP constitutes 10% of the S&P™/ASX 200™ index and assume for this illustration that the S&P™/ASX 200™ index is at 4000 then BHP represents 400 points of the value of the S&P/ASX 200™ index. With BHP priced at \$35.00/share, a 1 point movement in its own share price equates to 0.11 S&P™/ASX 200™ index points. Therefore, a 35 cent movement in BHP's share price should equate to a 4 point movement in the S&P™/ASX 200™ index.

On the night before the *ex-dividend* date, we would adjust our price by taking 4 points off the price of our cash stock index CFDs in respect of BHP. IC Markets would then charge or credit Clients' Accounts with the appropriate amount of the dividend amount depending on their respective holdings (long or short) at that time of the adjustment.

Interest

Interest is imposed by way of the Finance Charge adjustments on the Account. Interest with respect to cash stock index CFDs is calculated and charged on a daily basis at the Base Rate of interest. The Base Rate is set by IC Markets from time to time, variable without prior notice.

Stock index CFD positions held at market close on Friday will incur 3 days of Finance Charges for the weekend.

Foreign Exchange CFDs

Foreign exchange CFDs (FX or Forex) allows you to gain exposure to price movements in currency rates. The prices of the Foreign Exchange CFDs we quote are derived from the price feeds from the banks and financial institutions that we deal with.

FX CFDs are opened in the same way as other CFDs. We will quote a bid and offer price for a currency exchange rate. For example we might quote the AUD

against the USD as 1.5048/1.5050. If you thought the AUD was going to rise against the USD you would 'buy' the CFD at 1.5050. If you thought the AUD was going to fall against the USD you would 'sell' the CFD at 1.5048. You can close your position in much the same way. If the CFD is a buy, the closing level will be the lower figure quoted by us; if the CFD is a sell it will be the higher figure.

The swap or rollover rate that is applied will be tripled for positions held over the Wednesday to Thursday rollover period.

Details of currency trading sizes, margin requirements and swap rates (Finance Charges) are set out in the Trading Conditions and are shown on the trading platform. The default contract size is 1 standard lot which is equivalent to 100,000 units however this can be as low as 0.01 standard lots or 1000 units.

Examples of FX or Forex CFDs

Buying USD/JPY

Opening the position

You decide to go long on the Australian dollar (AUD) against the US Dollar (USD) AUD/USD, and ask for a quote for 5 lots, the equivalent of 500,000 units (lot sizes are set out in the trading details and on your trading platform). We quote you 1.0498/1.0499 and you buy 5 lots at 1.0499. Using a Transaction Fee rate of \$3.5 per lot, your commission would be \$17.50 (5 x \$3.5).

Finance Charge adjustments

When you hold a position overnight, your Account is debited or credited the overnight swap or rollover rate. The swap or rollover rate is simply the interest rate differential between the interest rates offered by the country's whose currency you are trading plus or minus a spread applied by IC Markets. For example, if the interest rate is higher in Australia than in the United States you would earn interest on AUD positions held overnight, you could do so by buying or "going long" the AUD/USD pair. In the case of you selling or "going short" the same pair you would be liable to pay the swap rate should the position be held past 5PM EST New York (end of day). In circumstances where two interest rates are near parity, almost equal to each other, a swap charge may be imposed for both long and short positions. A double negative swap rate implies that there is no interest advantage gained by borrowing in one currency to invest in the other.

For example, if you go long AUD/USD and the interbank market rate for AUD is 4.5% and 0.5% for the USD, then the swap rate will be 4.5%. An amount for a financing spread may then be added or subtracted depending on whether you are earning or paying interest on the CFD Transaction.

In this case, a long AUD/USD position would be earning interest (swap), so a financing spread of ~2% would be subtracted from 4.0%. The net interest payable would then be 2.0%.

Foreign Exchange CFD example:

You Buy 1 (100,000) Foreign Exchange CFD over the AUD/USD currency pair which you hold overnight. The interbank market rate for AUD is 4.5%, the USD rate is 0.5% and the price of AUD/USD is 1.0499 at the time.

Using the financing equation:

$$F = [P \times C \times R] / 360$$

Where Closing Price P=1.0499, Number of Contracts C=100,000, applicable interest rate, R = [(4.5%-0.5%)-2%]=2%, as worked out by taking the AUD rate, 4.5%, subtracting the USD rate 0.5% and then subtracting our financing spread amount of 2% since it is an interest earning (positive carry) Position:

$$F = [1.0499 \times 100,000 \times 2\%] / 360 = \text{AUD } \$5.83$$

This amount would be calculated at Rollover and, since it is a positive figure, \$5.83 would be credited to your Account.

If you had sold in the above example as opposed to Buying, you are long the quote currency and short the base currency. This means long the USD rate and short the AUD rate.

$$F = [1.0499 \times 100,000 \times [(0.5\%-4.5\%)-2\%]] / 360 = \text{AUD } -\$17.49$$

This amount would be calculated at Roll-over and -\$17.49 would be credited to your Account.

Closing the position

Later, AUD/USD has risen to 1.0598/1.0599, and you take your profit by selling 5 lots at 1.0598. Using a Transaction Fee rate of \$3.5 per lot, it would be \$17.50 (5 x \$3.50). Your gross profit on the trade is calculated as follows:

Closing transaction:	500,000 (5 contracts) x 1.0598 = USD \$529,900
Opening transaction:	500,000 (5 contracts) x 1.0499 = USD \$524,950
Gross profit on trade:	USD \$4,950

Calculating the overall result

To calculate the overall or net profit, you also have to take account of the swap rate (Finance Charge) credit. In this example, you might have held the position for 20 days, earning a total Finance Charge credit of USD \$116.60:

Gross profit on trade:	USD \$4,950
Interest credit:	USD \$116.60
Gross profit:	USD \$5,066.60
Total Transaction Fees:	\$35
Net profit:	USD \$5,016.60

You can choose which currency you wish to hold your Account balance in. Exchange rates are subject to fluctuations and Clients should always be aware of the effect that exchange rates will have on their positions.

There may be circumstances where IC Markets agrees to quote a spread rather than charge commission for its Foreign Exchange contracts. The spread would be wider than the spread in the prices of the Underlying Instrument. The amount of the spread affects the prices for opening and closing your positions (not a separate fee).

Futures, Commodities and money market CFDs

We also offer a range of CFDs on the price of various commodity, interest rate and bond futures. These are often generically referred to by us as futures CFDs. Details of these products are listed in the Trading Conditions. The Transaction Fee on these types of CFDs will be based on any underlying exchange fee referable to the Hedge contracts that correspond with your CFDs. We quote the dealing spread – the difference between our 'buy' and 'sell' quotes. The margin requirements are set out in the Trading Conditions. These types of CFDs have set expiry dates, upon or after which the position will be closed automatically or rolled into the next contract at which point an adjustment may be made to your Account.

These CFDs may be quoted on a cash basis or based on the futures contract price. Cash price based CFDs have no expiry date, however they are subject to an overnight financing rate. CFDs based on the futures contract have an expiry date, however may be automatically rolled into the next contract. CFDs based on futures contracts do not incur any financing charges

Underlying Futures Contracts

If the Underlying Instrument of a CFD is an Exchange-traded futures contract (**Underlying Futures Contract**) your CFD issued by IC Markets operates by reference to a notional Futures Contract which is Exchange-traded. It is your obligation to ensure that you are aware of the expiry date of the underlying futures contract since your Account may be adjusted when the underlying futures contract expires and is automatically rolled into the next contract.

Types of Futures Contracts

There are two main types of Futures Contracts. One is an agreement under which the seller agrees to deliver to the buyer, and the buyer agrees to take delivery of, the quantity of the commodity described in the contract. Such contracts are described as deliverable contracts.

The other kind is an agreement under which the two parties will make a cash adjustment between them according to whether the price of a commodity or security has risen or fallen since the time of contract was made. Such contracts are described as cash settlement contracts.

Contract Specifications

The terms and conditions of a Futures Contract are set out in the rules and regulations of the Exchange on which the contract was made. Futures Exchanges exist in a number of countries and regions as well as Australia. It is your obligation to make yourself aware of the contract conditions of the futures contract over which the CFD is based.

Futures Contracts are made for periods of up to several years in the future, although the vast majority are for settlement within six months of the

agreement being made. Part of the standardisation of contracts is that the time of the delivery or settlement is one of a series of standardised maturity times. It is your obligation to make yourself aware of the expiry date of any futures contract over which a CFD is based. You can obtain this information by contacting the relevant Exchange on which the futures contract is listed or by contacting us. The expiry dates of Futures contracts over CFDs are not shown on the trading platform, it is important to make yourself aware of the expiry dates as a debit or credit will be applied to your account when the futures contract expires and is rolled into the next contract.

Futures Contracts are standardised

Contract standardisation means that price and volume are the only factors that are to be determined in the marketplace. On the Australian exchanges, (i.e., ASX 24 and ASX), and on many international futures exchanges, Exchange-Traded Derivatives are quoted and traded on electronic trading systems which provide a system of continuous price discovery. This means that the price at which trades take place may continually change throughout a trading session. Futures prices represent a consensus of market opinion as to what the price of the commodity should be at the specified future time.

Since all Futures Contracts for a given future month in the same market are exactly alike, obligations under Futures Contracts are easily transferred from one party to another. A Client who holds a futures CFD whose Underlying Futures Contract is a contract to buy may cancel this obligation by taking a futures CFD in respect of a new contract to sell in the same month. This process is known as "offsetting" or "closing out the contract". In the same way, the holder of a contract to sell can Close Out by taking a new contract to buy. In each case there will be a profit or loss equal to the difference between the buying and selling prices multiplied by the standard contract amount. In practice, the vast majority of contracts are offset in this manner, the remainder being fulfilled by delivery or by mandatory cash settlement in those markets if no provision for delivery exists.

Expiry of Futures Contracts and Close Out by IC Markets

It should be noted that since all futures CFDs are only ever cash settled, all positions need to be closed or rolled into the next contract month. IC Markets advises you to be aware of the expiry and first notice dates of any Futures Contracts which are the Underlying Futures Contracts of the futures CFDs which you invest in and ensure that you close your CFD position before that date. If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your CFDs, please contact IC Markets or the relevant Exchange that the futures contract is traded on

If you wish to close a Futures CFD position before it expires, you enter into a CFD Transaction which is equal and opposite of the open CFD through the trading platform.

On the day that the CFD is closed, IC Markets 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 6 for further details).

In order to provide the futures CFDs to you in an efficient and low-cost manner, IC Markets has discretion in determining closing prices. In general, without limiting IC Markets' discretion, it should be expected that IC Markets 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 IC Markets to hedge its futures CFD issued to you, the closing price of the Underlying Futures Contract for the CFD, any foreign currency exchange rates which are relevant due to the denomination of your CFD or Trading Account(s) and any suspension or halt in trading of the Underlying Futures Contract. In the worst case, it is possible that the closing price determined by IC Markets may be zero.

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

IC Markets 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 IC Markets' discretions, IC Markets must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

The amount of any profit or loss you make on a futures 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 Trading Account when the CFD is Closed Out (including allowance for any fees and charges).

Should the underlying futures contract over the CFD be rolled into the next contract by us we will make a cash adjustment to your account, this will depend on whether you were long or short the CFD. The cash adjustment will reflect the difference in price between contracts.

4.12 ORDERS

IC Markets may, in its discretion, accept an Order from you. Below are the order types accepted by IC Markets.

Orders are typically placed online through using your trading platform however IC Markets may at any time accept orders via telephone. Orders will only execute during the trading hours of the Underlying Instrument over which the CFD is based.

All orders accepted will be an instruction to buy at the Ask price or sell at the Bid price. All orders are treated as either a Buy or Sell instruction without reference to whether they are intended to open or close or part close a position. It is your responsibility to ensure that all orders placed by you, via the telephone or otherwise have been executed correctly.

Market Order

A market order is an order to buy or sell an instrument immediately at the current market price. Generally, they are placed during market hours. When you buy, you buy at the ask price, and when you sell, you sell at the bid price.

Limit Order

A limit order to buy (at a limit price) refers to an order to buy an instrument if the price trades at or below the limit price. A limit order to sell (at a limit price) refers to an order to sell an instrument if the price trades at or above that limit price. These orders may be used to enter a position, or to exit a position. When used to exit a position, they're also known as a take profit order.

Stop Order

IC Markets may, in its discretion, accept an order from you to close a CFD Transaction if the price moves to or beyond a level specified by you. This is a Stop Order, also known as a "Stop" or 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 whether you are long or short.

Typically a buy stop-loss order is used to close a short open position at a price which is higher than the current price; or sell a CFD to close a long open position at a price which is lower than the current price.

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 IC Markets 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 be unreasonable if, for example, the level you have specified is beyond the level allowed for orders for the Underlying Instrument or trading in the Underlying Instrument has been halted or suspended on an Exchange.

A stop-loss order might not get filled at all. 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. 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. Additionally, it may be that not all of the stop-loss order can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the Underlying Instrument to allow IC Markets to hedge its transactions which it makes in order to completely fulfil your stop-loss order. If the opening price of the Underlying Instrument 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 filled. This is the case with any order you place (and which is accepted by IC Markets) as long as it is made in accordance with the Account Terms. For example, IC Markets' Hedge Counterparty is required to ensure

there is an orderly market, so its 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 IC Markets may be similarly affected.

Not only can Stop orders be used to close existing open positions but they can also be used to open new positions, this is known as a stop-entry order. For example, should you wish to enter the market at a level above the current market price or below the current market price a stop-entry order would be used.

A stop-entry order to open a new long position would be triggered if our offer price (for a stop-entry order that requires an order to buy a CFD) to a point that is beyond the level specified by you (and accepted by us). Conversely, for example, your stop-entry order to open a new short position would be triggered if our bid price (for a stop-entry order that requires an order to sell a CFD) moves to a point that is beyond the level specified by you (and accepted by us).

Trailing Stop Order

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

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

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

If Done (Contingent) Orders

These are orders that become active only after another order is filled, and are otherwise known as "if done" orders.

Order durations

Orders will remain in effect until either it has been cancelled by you or us; executed by us; or we no longer quote the CFD which your order was placed over.

Typically IC Markets offers three main order durations, these are:

Good until cancelled - this is an order that you have placed that will remain in effect until it is cancelled by you.

Day Only - This is an order placed during the trading session that will remain in effect until the end of the trading session.

Good until Date - This is an order placed that will remain in effect until a date and time that you set.

Other features of Orders

Whether you place your order over the telephone, internet or any other method made available to you by IC Markets, it is important that you make the duration of your order clear. If you are placing an order by telephone it is important to note that day orders are treated as expiring at the close of the day's trading of the Exchange for the Underlying Instrument over which the CFD is offered, so it will not include any overnight trading sessions for that Exchange. This means that it is important that, at the time you place a day order, you specify whether you want that day order to apply for the day's trading on the relevant Exchange or whether you want the day order to apply for a specified period.

If we accept one of these orders, then when our bid or our offer prices reach or exceed the level of your order, your instruction will be triggered and subsequently executed (subject to the terms set out in the Account Terms).

It is your responsibility to understand how an order operates before you place any such order with us. Examples are set out below and further information can be found on our website or by asking us.

Your order may be executed irrespective of the length of time for which your order level is reached or exceeded. In volatile markets our bid/offer quote might 'gap' through your order level, so that the closing level or the opening level may be beyond the exact level specified by you.

When you place an order, you are dealing with us as principal - you are not dealing on an Exchange. While we seek to execute your order at the level

that might have been achieved had a similar order been placed on an Exchange, it may not be possible to determine what such a level might have been. We do not assure you that your order will be executed at any such level. We will reasonably exercise our discretion to determine when orders are triggered and the level at which they are executed.

You can cancel or amend the level of an order with our agreement at any time before our bid/offer quote reaches or exceeds your current specified level. We also reserve the right to aggregate or to work the instructions we receive to open or to close out CFDs, including Stop Orders.

Examples of Orders

Example 1: Selling a share CFD with a conventional Stop Order opening the position

Xanadu Limited shares are quoted at \$5.45/5.46 on the Exchange, and you sell CFDs for 5000 Xanadu Limited shares at \$5.45 (the bid price). You decide to put your Stop-Loss Order at \$5.70. There is no cost or fee charged for placing a Stop-Loss Order (but remember that any Transaction resulting from your Stop order will incur the usual Transaction Fees). Should the market move against you, your position would be Closed Out at \$5.70, however, should the market gap straight through your Stop Order, your position would be Closed Out at the next available level that we consider is fair and reasonable.

In this example, we will assume that Xanadu Limited shares gap straight through the Stop Order level of \$5.70 and the position is Closed Out at \$5.75, resulting in a loss of \$1,500 (excluding our Transaction Fee, Finance Charge and dividend adjustments). This loss is calculated as \$1,500 (\$5.45, the opening level, minus \$5.75, the Stop Order level plus market slippage of \$0.05 = \$0.30 x 5000 shares = \$1,500.)

Triggering the Stop Order

After you have held the position for a few weeks, Xanadu Limited releases some positive news which results in Xanadu Limited shares opening significantly higher. ABC Company closed the previous day at \$5.05, but it opens at \$5.80/5.81. Xanadu Limited our Stop Order is triggered, and your position is Closed Out at \$5.81 (the level at which it would be possible to buy 5000 Xanadu Limited shares back) to Close Out the position.

Your gross loss on the Transaction is calculated as follows:

Opening level:	\$5.45
Closing level:	\$5.81
Difference:	\$0.36
Gross loss on Transaction:	$\$0.36 \times 5000 = \$1,800$

To calculate the total loss on the Transaction, you must also include Transaction Fee, Finance Charge and any dividend adjustments that might be made during the period the position was Open.

Your total loss is calculated as follows:

Gross loss on Transaction:	(\$1,800)
Total Transaction Fee:	(\$56.30)
Finance Charge adjustment:	\$50.00
Overall or total loss:	(\$1,806.30)

Example 2: Buying a share CFD with a Trailing Stop

Trailing Stops are a type of Stop Order that track your profitable positions automatically – and close your trade should the market move against you. Trailing Stops prevent you having to monitor and move your stops constantly.

When you open your position you specify two numbers for your Trailing Stop:

Stop distance – how far away from the opening level your Stop is placed

Step size – the size of the increments by which the Stop can move

For example, say Great Big Mining Company is quoted at \$28.20/28.24 in the market. You buy CFDs for 5000 shares at \$28.24/CFD, and you set a Trailing Stop with a Stop distance of 30 points and a Step size of 10 points.

The Stop initially sits at \$27.94, i.e. 30 points behind your opening price. Immediately, Great Big Mining Company starts to rise. Very soon our sell price has risen to \$28.34/CFD (10 points above your opening price) and your Stop 'steps' up by 10 points to \$28.04 to re-establish a 30-point distance from the new market level.

The rally continues and by late-afternoon Great Big Mining Company is trading at \$28.89/28.93. Your Stop has therefore moved automatically five more times, so you are now sitting on a healthy potential profit with your Stop waiting 35 points behind at \$28.54.

A surprise news announcement suddenly sends Great Big Mining Company share prices plummeting and within minutes trading is back down at \$28.30/\$28.34. Your Trailing Stop has been triggered and your position is closed 35 points below the recent high – at \$28.54, still well above your opening price of \$28.24.

With a conventional Stop Order you would still be in the market because your Stop Order would have remained at its initial level of \$27.94. By contrast, a Trailing Stop follows the market in a profitable direction.

The only difference between a Trailing Stop and a conventional Stop Order is that the level of a Trailing Stop moves positively with the market whereas the level of a conventional Stop Order remains fixed. Once a Trailing Stop is triggered, it is treated in exactly the same manner as a conventional Stop Order.

Example 3: Buying a share CFD with a Limit Order

A Limit Order is an instruction to deal if our price moves to a more favourable level (e.g. to 'buy' if our price goes down to a specified level or to 'sell' if our price goes up to a specified level.).

For example, if we were quoting shares in Biotech International Limited at \$23.46/23.54 you might give a Limit Order to 'buy' at a limit of \$23.30. Your Limit Order will be triggered if at any time, inside or outside market hours, our offer quote moves through the level of the Limit Order (in this case \$23.30). We will normally accept a Limit Order on any open position except positions on options.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by IC Markets), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax, 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.
4. Margin requirements, interest rates and external charges may change at any time.

4.13 DIVIDENDS

If you hold a long equity CFD, you will be credited with an amount equal to the gross unfranked dividend on the relevant number of the CFD's Underlying Securities on the payment 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 franked dividend on the Underlying Securities on the ex-dividend date.

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

4.14 CORPORATE ACTIONS

If there is a corporate action by the company which issues the CFD's Underlying Instrument to which the CFD relates, IC Markets may in its discretion make an adjustment to the terms of the CFD in accordance with the Account Terms. For example, an adjustment will ordinarily be made for share splits, 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.

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

IC Markets 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. IC Markets may also elect to close a CFD if the CFD's Underlying 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 IC Markets on how to exercise any voting rights in connection with the CFD's Underlying Instrument such as shares.

4.15 SUSPENSIONS AND DE-LISTINGS

If an Underlying Instrument to which a CFD transaction relates is suspended or has halted trading for whatever reason, we suspend trading in the CFD and we may increase the amount of Margin required to support that open position at our reasonable discretion. If the open position remains suspended for a time that we think is unacceptable to us in our sole discretion, we may close the open position at the closing price.

If an Underlying Instrument to which a CFD transaction has been de-listed, we may close all affected open positions at the closing price at our discretion.

4.16 NO SHAREHOLDER BENEFITS

As a holder of a CFD, if the CFD's Underlying Instrument is a share or other voting security, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct IC Markets to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

4.17 MARKET CONDUCT

All financial services providers (including IC Markets) have legal obligations relating to market conduct. IC Markets clients should be aware that some practices in placing orders can constitute market manipulation or creating a false market which is conduct prohibited under the Corporations Act 2001. 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 IC Markets for costs to IC Markets arising out of those trading practices of the client which lead to the client, IC Markets or any other person suffering loss or penalty.

4.18 DAILY VALUATION

During the term of a CFD Transaction, IC Markets will determine the value of your Account(s), based on the value of the CFDs in your Account.

If trading in the CFD's Underlying Instrument is suspended or halted by the relevant Exchange, the CFD position will be re-valued by IC Markets for your Account.

4.19 CLOSING A CFD

Ordinarily, CFDs do not expire or have a fixed term of existence, so they must be Closed Out by you.

Futures CFDs and options CFDs will, however, expire if the Underlying Instrument (i.e., futures contracts) expires unless they are rolled into the next available contract. To Close Out your CFD, you contact IC Markets, either directly or via the online trading platform, to determine the current market value of the Underlying Instrument for the CFD, with the view to closing the CFD position (or part of it). IC Markets will confirm the current market value and you will then decide whether to accept the value, and if so, you would instruct IC Markets 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 Underlying Instrument.

Transaction used to close the position (See section 6 for further details).

In order to provide the CFDs to you in an efficient and low-cost manner, IC Markets has discretion in determining Closing Prices. In general, without limiting IC Markets' discretion, it should be expected that IC Markets will act reasonably and have regard to a range of relevant factors at the time, such as the Closing Price of the Underlying Instrument 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 Underlying Instrument. In the worst case, it is possible that the Closing Price determined by IC Markets may be zero.

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

IC Markets 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 IC Markets' discretions, IC Markets must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

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).

4.20 YOUR COUNTERPARTY RISK ON IC MARKETS

When you deal in IC Markets' CFDs, you have a counterparty risk on IC Markets so you should consider your credit risk of IC Markets having the financial resources at the time to pay you the amounts it owes you.

Your credit risk on IC Markets

You have credit risk on IC Markets when your Account has a net credit balance made up from the amounts you pay as Margin, the unrealised value of your CFDs, other amounts credited to your Account (from Closed positions or Finance Charges credited to your Account), less fees and charges and the minimum required Margin.

Your credit risk on IC Markets depends on the overall solvency of IC Markets, which is affected by IC Markets risk management.

Please note that the moneys withdrawn from the client trust account are payment by the Client to IC Markets and so the moneys become the property of IC Markets.

Since IC Markets acts on your authorisation to withdraw all of the funds which you deposit as your payment of Margin for your Account(s), typically your more significant credit risk arises when the moneys are withdrawn and paid to IC Markets (rather than the risks for when your money is in the client trust account). From the time of the withdrawal from the client moneys trust account, you are taking credit risk on IC Markets because you become an unsecured creditor of IC Markets.

Your credit risk on IC Markets is managed and reduced by:

- IC Markets applying its risk management policy and Margin policy designed to reduce risk to IC Markets and therefore benefit all of its Clients; and
- Keeping all surplus funds paid by Clients of IC Markets which are not paid to the Hedge Counterparty, in the client moneys trust account.

Risks from IC Markets' Hedge Counterparty

It is possible that IC Markets' Hedge Counterparties or any custodian used by a Hedge Counterparty may become insolvent or it is possible that other clients of Hedge Counterparty may cause a default which reduces the financial resources or capacity for that Hedge Counterparty to perform its obligations owed to IC Markets under the hedge contracts.

Since IC Markets is liable to you as principal on the CFD, IC Markets could be exposed to the insolvency of any Hedge Counterparty or other defaults which affect a Hedge Counterparty.

Counterparty Risk – Financial Resources

Since IC Markets is the CFD product issuer, you are exposed to the financial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you.

IC Markets has risk management and compliance systems in place to manage risks including but not limited to financial, operational and credit risks.

IC Markets maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its Australian Financial Services Licence. The steps that are taken to ensure this include:

- ensuring compliance with our financial obligations and licence conditions through conducting of an adjusted surplus liquid funds calculation in addition to cash flow projections;
- performing a daily client cash segregation calculation, ensuring we hold adequate cash in our client trust account in order to meet our obligations to clients; and
- all client money is held in trust accounts that are separate to IC Markets' operating account.

The risks you have by dealing with IC Markets (due to it being paid all of your moneys deposited into the client trust cannot be simplistically assessed by reference to historical financial information about IC Markets or its Hedge Counterparty or general statements of principle.

The credit risk you have on IC Markets depends on its solvency generally, as well as on the amount (and kind) of its capitalisation, its cashflow, all of its business risks, its counterparty risks for all of its business and transactions (not just CFDs), its risk management and actual implementation of that risk management.

Your credit risk on IC Markets will fluctuate throughout the day and from day to day, including due to the implied credit risk on its Hedge Counterparties, whose credit risk to IC Markets (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 IC Markets.

IC Markets' latest audited annual financial statements are available for inspection at our offices (free of charge).

Payments to you in IC Markets Insolvency

If IC Markets becomes insolvent, here is how you can be paid for any net credit balance in your Account:

- Any of your client moneys in the client moneys trust account should be paid to you, after deduction for any amounts properly payable to IC Markets for the CFDs or which you have otherwise agreed are payable to IC Markets (and subject to any court orders to the contrary).
- IC Markets would review whether it can and should pursue recovery action against any of its Hedge Counterparties for any claim against them.
- The precise amounts and timing of payments will not be known until the net position with the Hedge Counterparties are known.
- The position of the Hedge Counterparties depends on what it recovers from its hedge counterparties and what it owes its clients.
- IC Markets will need to assess the amounts prudently available to pay CFD Clients, and may choose to pay out interim amounts.
- IC Markets will need to assess fair and reasonable allocation to CFD Clients, having regard to, for example amounts paid from the client moneys trust account, Account balances and amounts recovered from a Hedge Counterparty.
- IC Markets is always able to pay Clients from its other available funds other than those held in the client moneys trust account (if any).

Counterparty Risk – Hedging

The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces their exposure by entering into a corresponding trade with another entity referred to as a Hedge Counterparty. IC Markets manages its hedges of its CFD with its Hedge Counterparties on a portfolio basis and so, for the purposes of disclosing this risk, we need to consider the selection procedures and counterparties used by IC Markets.

Before entering into a relationship with a new Hedge Counterparty, IC Markets undertakes a due diligence process. This process includes a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangements, reporting processes, reliability, technology, fees and charges.

You should note that:

- IC Markets' Hedge Counterparties have not been involved in the preparation of this PDS nor authorised any statement made in this PDS relating to it.
- IC Markets' Hedge Counterparties have no contractual or other legal relationship with you as holder of the CFD. Our Hedge Counterparties are not liable to you and you have no legal recourse against them (because IC Markets acts as principal to you and not as agent) nor can you require IC Markets to take action against our Hedge Counterparties.
- IC Markets gives no assurance as to the solvency or performance of any Hedge Counterparty. IC Markets does not make any express or implied statement about the solvency or credit rating of any Hedge Counterparty, however we maintain a policy for managing the appropriateness of our counterparties.
- The regulation of a Hedge Counterparty is no assurance of the credit quality of the Hedge Counterparty or of any regulated or voluntary scheme for meeting the claims of creditors of the Hedge Counterparty. For example, although a Hedge Counterparty may be licensed by the Australian Securities and Investments Commission or other regulatory body that gives no assurance that the Hedge Counterparty has good credit quality or it will perform its obligations to IC Markets.
- The credit quality of a Hedge Counterparty can change quickly. IC Markets is not able to make assessments of the credit quality of its Hedge Counterparty which it can disclose and reports by independent credit rating agencies may not be available because of their lack of consent or because they are not licensed to allow such reports to be cited in the PDS given to retail clients.

IC Markets is not authorised to set out in this PDS any further information published by a Hedge Counterparty and IC Markets takes no responsibility for third-party information about the Hedge Counterparty which may be available to you. If you require further information about the Hedge Counterparty used by IC Markets before deciding whether to invest in CFDs, please first contact IC Markets or view our list of hedge counterparties on our website.

Section 5 – 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.

5.1 KEY RISKS

You should consider these key risks involved in CFDs:

Key Risks	Important issues
Loss from Leverage:	CFDs have leverage which can lead to large losses as well as large gains. The high degree of leverage in CFDs can work against you as well as for you. The leveraging in a CFD gives a moderate to high risk of a loss larger than the amounts you pay IC Markets (as Initial Margin or Variation Margin) and we hold on trust for you. It can also cause volatile fluctuations in the Margin requirements. Losses are likely if you do not adequately monitor your CFDs and Close Out any positions at a value acceptable to you.
Unlimited loss on CFDs:	There is a moderate to high risk of your potential loss on CFDs being unlimited – more than the amount you pay IC Markets for the CFDs. You can avoid unlimited losses if you do not trade CFDs. You can minimise losses on CFDs by monitoring your positions and Closing Out the positions before losses arise.
Client moneys are applied to pay for your CFDs:	The money which you pay into the client moneys trust account is not kept there but is withdrawn to pay IC Markets before the CFDs are issued to you, even if you pay more than the minimum Margin required. Your client moneys cannot be retained in the client moneys trust account because you need to pay IC Markets before the CFD is issued to you. You can minimise your loss of funds held on trust for you by only paying into the client moneys trust account the amount you are prepared to lose. Moneys withdrawn from the IC Markets client moneys trust account are either to pay IC Markets or to pay you. Moneys withdrawn to pay IC Markets are IC Markets' moneys (and are not held for you). Once your moneys are withdrawn from the IC Markets client moneys trust account you become an unsecured creditor of IC Markets and you lose all of the protections you had when your client moneys are in the IC Markets client moneys trust account.

Key Risks	Important issues
Margin risk:	<p>You must be able to pay to IC Markets the amount of required Margin cover as and when required, otherwise all of your Transactions may be Closed Out without notice to you. Margin requirements are highly likely to change continuously, in line with market movements in the Underlying Instrument.</p> <p>You should consider there is a high risk of Margin requirements changing and changing at times very rapidly. There is a moderate to high risk that if the market value of the Underlying Instrument moves rapidly against you, you will be required to pay more Margin on little or no notice. If you do not meet those requirements, your positions can be automatically Closed Out.</p> <p>You can minimise your risk of losing your positions after failing to meet Margin requirements by carefully selecting the type and amount of CFDs to suit your needs, monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Variation Margin within the time required by IC Markets.</p>
Foreign exchange risk:	<p>Foreign currency conversions required for your Account (see Section 7.1 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 and that in turn can affect the minimum amount of Margin required (or trigger a Margin call).</p> <p>You can minimise this risk by selecting CFDs with foreign exchange exposure that you are prepared to incur and to monitor.</p>
Counterparty risk (Financial Resources):	<p>You have the risk that IC Markets will not meet its obligations to you under the CFDs. IC Markets' CFDs are not Exchange traded so you need to consider the credit and related risks you have on IC Markets. As IC Markets is the CFD product issuer, you are exposed to the financial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you.</p> <p>IC Markets believes that your counterparty risk on IC Markets is low, especially due to its hedging policy, Margin policy and risk management. The potential adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment.</p> <p>You can minimise your counterparty risk on IC Markets by limiting the amount you pay IC Markets, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management.</p>
Counterparty risk (Hedging):	<p>The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces its exposure by entering into transactions with another entity referred to as a Hedge Counterparty. IC Markets manages its hedges of its CFD transactions with Hedge Counterparties on a portfolio basis and so, for the purposes of disclosing this risk you need to consider the selection procedures and counterparties used by IC Markets.</p> <p>Before entering into a relationship with a new hedging counterparty IC Markets undertakes a due diligence process, this process includes a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangements, reporting processes, fees and charges (See section 4.20).</p>

5.2 OTHER SIGNIFICANT RISKS

You should consider these significant risks involved in CFDs:

Significant Risk	Important issues
Market risk:	<p>CFD trading is highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of your CFDs on closing can be significantly less than the amount you invested in them.</p> <p>There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.</p> <p>You can reduce your risk by understanding the market relevant to your CFDs, monitoring your CFD positions carefully and Closing your positions before unacceptable losses arise.</p> <p>As CFDs are Over the Counter financial products you do not have the benefit of some of the advantages of trading on a licensed market, such as having a central clearing house to guarantee our obligations to you.</p> <p>IC Markets continues to offer trading in CFDs when the Underlying Instrument is illiquid but suspends trading in the CFD if the Underlying Instrument is suspended or delisted. In accordance with IC Markets Account Terms we may close related CFD positions at a price that is based on current and anticipated market conditions as determined by us in good faith.</p>
Not a regulated market:	<p>The CFDs offered by IC Markets are over-the-counter derivatives and are not covered by the rules of an Exchange. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the National Guarantee Fund do not apply to trading in CFDs.</p> <p>Over-the-counter contracts, by their nature are not liquid investments in themselves. If you want to exit your CFD, you rely on IC Markets' ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Instrument.</p> <p>You can reduce your risk by carefully reading this PDS, the Account Terms and taking independent advice on the legal and financial aspects relevant to you.</p>
Market disruptions:	<p>A market disruption may mean that you may be unable to deal in CFDs when desired, and you may suffer a loss as a result of that. Common examples of disruptions include the "crash" of a computer-based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular series of contracts or a particular trade, and suspends trading in those contracts or cancels that trade.</p>

Significant Risk	Important issues
Orders and gapping:	<p>It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the CFD's value over a short period. There is a moderate to high risk of this occurring as a result of market volatility.</p> <p>IC Markets' ability to Close Out a CFD depends on the current market price.</p> <p>Gapping risk refers to an occurrence where the quote moves from one price to the next price, through an order level. This may be because the Underlying Instrument to which the CFD relates has stopped and recommences trading at a price below or above a Stop Loss Order level, or may trade in insufficient size as represented by your order for IC Markets to be able to place a trade in the Underlying Instrument. When gapping occurs your orders are executed at the Quote based on the first price that IC Markets are reasonably able to obtain in the Underlying Instrument. Accordingly, where you have an Order you must understand the potential impact of Gapping.</p> <p>You should consider placing orders or other orders that limit your losses but also closely monitor your Account and the relevant market in case the stop-loss order is not fully filled or filled at all and you need to take further action to limit your losses.</p> <p>You should note that contingent orders (such as, Limit and stop orders) are not guaranteed executable at the specified level or amount, unless explicitly stated otherwise by IC Markets.</p> <p>It is your responsibility to manage your orders, any order that you have placed and have not cancelled maybe filled by us and as a result you may incur a loss as a result of that order.</p>
Online trading platform:	<p>You are responsible for the means by which you access the online trading platform or your other contact with IC Markets. 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) or you might not be aware of the current Margin requirements and so you may suffer loss as a result.</p> <p>IC Markets may also suspend the operation of the online trading platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, IC Markets has discretion in determining when to do this. If the online trading platform is suspended, you may have difficulty contacting IC Markets, you may not be able to contact IC Markets at all, or your orders may not be able to be executed at prices quoted to you.</p> <p>There is a moderate to high risk that IC Markets will impose volume limits on client accounts or filters on trading, which could prevent or delay execution of your orders, at your risk. You have no recourse against IC Markets in relation to the availability or otherwise of the online trading platforms, nor for their errors and software. Please review the terms and any guidance material for any particular online trading platform.</p>
Exchange:	<p>The rules of the relevant Exchange govern the trading in an Underlying Instrument which is Exchange-traded and so will indirectly affect the dealing in those CFDs.</p>
Conflicts:	<p>Trading with IC Markets carries an unavoidable risk of actual conflicts of interests because IC Markets is acting as principal in its CFD Transactions with you and IC Markets sets the price of the CFDs and also because it may be transacting with other persons, at different prices or rates, or IC Markets will be trading with market participants.</p> <p>The policy used by IC Markets is that as principal it issues the CFD to you based on the price it gives you, not by acting as broker to you. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring IC Markets' CFD pricing compared with other CFDs which have comparable terms and by monitoring the underlying market.</p>
Valuations:	<p>The CFDs are valued by IC Markets. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Exchange which in turn affects the price quoted by a Hedge Counterparty to IC Markets.</p> <p>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 Underlying Instrument is halted or suspended, IC Markets may exercise its discretion to determine a value.</p> <p>Due to the nature of CFDs, in common with industry practice for such financial products, IC Markets' discretion is unfettered and so has no condition or qualification. While there are no specific limits on IC Markets' discretions, IC Markets must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by IC Markets in the circumstances permitted by the Account Terms.</p>
Regulatory bodies:	<p>A Client may incur losses that are caused by matters outside the control of IC Markets. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the client by reason of the effect of those actions on the Underlying Instrument and so the terms of the client's CFD. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the Underlying Instrument for the Client's CFD.</p>
Dealing spread risk:	<p>For CFDs where we have applied a spread amount to the quoted prices there may be circumstances where the spread that you were quoted when you opened your position is greater than the spread applied when your position was Closed and vice versa. In such a scenario you may face greater costs in Closing a position than anticipated. Furthermore dealing spreads may widen depending on market volatility and trading hours.</p>
Volatility risk:	<p>Financial markets can be volatile. Unpredictable events can occur and prices of the Underlying Instrument over a CFD is based may move rapidly on little trading volume. In such circumstances it may become very difficult, if not impossible, to execute CFD Orders according to you instructions or at all, which could cause you to suffer a loss. In other circumstances there may be low trading volumes in the Underlying Instrument to which your CFD relates and we may limit the size of the orders that you are able to place, which may prevent you from fulfilling your desired trading strategy.</p>
IC Markets' powers on default, indemnities and limitations on liability:	<p>If you fail to pay, or provide security for, amounts payable to IC Markets or fail to perform any obligation under your Transactions, IC Markets has extensive powers under the Account Terms to take steps to protect its position. For example, IC Markets has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Account Terms you agree to indemnify IC Markets for certain losses and liabilities, including, for example, in default scenarios.</p> <p>You should read the Account Terms carefully to understand these matters.</p>
Operational risk:	<p>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.</p> <p>We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the online trading platform or in the provision of data by third parties.</p>

Section 6 – Costs, Fees & Charges

6.1 COSTS, FEES & CHARGES

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

6.2 CFD TRANSACTION FEES

Commission

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.

There are different types of Transaction Fee charging models that can be applied depending on the individual CFD.

1. Percentage per trade

The greater of:

- the amount that is calculated by multiplying the Transaction Fee rate by the Contract Value of the CFD; and
- a minimum Transaction Fee or a minimum ticket Transaction Fee depending on the ticket size.

2. Fee per contract

The greater of:

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

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

The standard fee for CFDs you will be charged per Transaction is typically between 0.1% and 1% of the value of the Transaction and is up to a maximum of 5%, a minimum transaction fee may apply. 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 are required to enter into one CFD Transaction to Close Out the existing CFD Transaction, there may be a Transaction Fee on the CFD Transaction used to close the position.

An illustration of CFD Commission rates are calculated as a percentage of the notional value of the position is shown below:

CFD Transaction value :	10,000 Share CFDs at \$1 = \$10,000 (\$1 x 10,000)
Commission charge :	0.10% (i.e 10 basis points)
Commission amount :	\$10 (\$1 x 10,000 x 0.001)

In the case of Foreign Exchange CFDs we charge a commission rate per standard lot. The commission rate is typically AUD \$3.50 per standard lot calculated in the base currency of your Account. The commission for Foreign Exchange CFDs is calculated as per the example below.

You decide to go long on the Australian dollar (AUD) against the US Dollar (USD) AUD/USD, and ask for a quote for 5 lots, the equivalent of USD 500,000 (lot sizes are set out in the trading details and on your trading platform). We quote you 1.0498/1.0499 and you buy 5 lots at 1.0499. Using a Transaction Fee rate of \$3.5 per lot, your commission would be \$17.50 (5 x \$3.50).

Spread

The Spread is the difference between the bid and offer prices and should be factored into trading. Although not a direct cost (or separate charge) this is a feature of the product that should be considered prior to trading.

IC Markets will typically charge you a commission amount (the Transaction Fee) however should you elect to trade on a commission free basis, IC Markets will apply a larger Spread in the prices quoted.

The larger Spread is applied by way of adding the price shown to you by adding a further amount. Spreads can vary according to the volatility of the Underlying Instrument. We may change our Spreads at any time. Certain instruments may have wider Spreads outside of conventional market hours. Information regarding the Spreads that we quote is available from us directly and is published on our website.

Our normal Spreads are calculated as follows:

AUD/USD : 1.04970/1.05000

Spread = (bid price – offer price) : (1.04970-1.05000) = 3 pips

Cost = (quantity x spread) : (1,000 x 0.0003) = 30 cents

6.3 FINANCE CHARGES/CREDIT

We apply a finance, swap or rollover charge to CFDs positions that you hold overnight, the financing charge will be applied daily on the face value of all open positions in your Account.

The financing charge is based on the current Base Rate for the currency in which you hold the CFD in plus or minus a maximum amount of 3% (this is known as the financing spread) this depending on whether you hold a long or short CFD position. For Foreign Exchange CFDs the Financing Rate or swap rate is calculated by determining the difference between the funding rates for the currencies quoted in the pair plus or minus our mark-up. For worked examples relating to financing charges see Section 4.11.

There is a Finance Charge applied to your Account and to each Trading Account if the value of the Withdrawable Funds is a negative number this is known as debit interest and is charged at a rate of the Base Rate plus 4%.

Overnight Financing Formula

Interest charges on equity CFDs are calculated according to the following formula:

$$F = n \times P \times I / 360.$$

Interest adjustments for stock indices and index CFDs are calculated according to the formula:

$$F = n \times L \times P \times I / 360.$$

Interest adjustments for Forex CFDs, which reflect the relative interest rates of the currencies concerned, are calculated according to the formula:

$$F = V \times R / 360.$$

Where:

F = financing rate adjustment

n = number of shares or lots

P = current share or index price (closing price)*

L = lot size

I = applicable interest rate

V = the current value of the position in the second currency, equal to number of contracts (C) x contract size x spot exchange rate (P).

R = a percentage rate which reflects the overnight interest differential between the two currencies, in each case the individual interest rates used to calculate R will be a maximum of one percentage point above or below (at our discretion) the local interbank offered rate for the currency concerned.

Please see Section 4.11 for worked examples relating to the calculation of financing charges.

The formulas use a 360-day divisor for Australian, US and European shares and indices, and a 365 divisor for UK, Singapore and South African shares and indices.

A dividend adjustment is applied when a share (or a component share in the case of stock indices) passes its ex-dividend date (including the ex-date of any special dividend) in the underlying market.

In the case of long positions, the dividend adjustment is credited to your account, in the case of short positions it is debited from your account. The dividend adjustment for shares (Australian or otherwise) varies depending on local tax arrangements which may vary from time to time. An adjustment will also be made to your account to reflect the effect of a bonus share issue, scrip or rights issue affecting the underlying share if you have an open CFD position.

The maximum interest rate that may be levied under this PDS is the relevant interbank or central bank cash rate target +3% (for long positions) or -3% (for short positions). The relevant interbank or central bank cash rates used are listed in the Contract Details in the trading platforms or are available on request.

Base financing rate

The base financing rate is typically the benchmark cash rate (i.e., reference rate) of the country to which the currency of the Underlying Instrument of the CFD transaction relates. For example the rate for Australian CFDs is the RBA target cash rate.

In certain circumstances the base financing rate for some CFDs may be based on the London Interbank overnight rate (i.e., LIBOR) or interbank market rate for currencies not covered by LIBOR. IC Markets applicable base financing rate will depend on the product being traded.

For Foreign Exchange CFDs the base financing or swap / rollover rate is the interest rate differential between the two countries of the two quoted currencies in the Foreign Exchange pair, plus our spread. Refer to section 4.11.

6.4 INTEREST ON CASH BALANCES

IC Markets does not pay any interest on cash balances unless otherwise agreed in writing.

6.5 BANK FEES

The following fees may apply when funding your Account.

Payment Option	Charges
Mastercard	0-3.0%
Visa	0-3.0%
JCB	0-3.0%
Diners	0-3.0%
Wire Transfer (EFT)	No Charge
Bpay	No Charge

The account funding charges are merchant fees that we are charged by the banks that we deal with. IC Markets at its absolute discretion may elect to pay these fees on your behalf. Please be aware that you may incur fees imposed on your transaction by your bank. IC Markets is not responsible for these additional charges.

The following fees may apply when withdrawing money from your trading account.

Payment Option	Charges
Domestic Bank Transfers	No Charge, 12pm (AEST) cut-off time.
International Bank Transfers	\$20 per transfer, 12 pm (AEST) cut-off time.
Urgent Domestic Bank Transfers (RTGS)	\$35 per transfer, 12 pm (AEST) cut-off time.

Domestic bank transfers will ordinarily take 1-2 days to reach your bank account. Urgent bank transfer will ordinarily reach your bank account on the same day.

6.6 CONVERSION FEE

When you close an open position in a currency other than the Base Currency on your account, we automatically convert the realised profit and loss into the Base Currency of your Account at our current exchange rate quoted by us which may be different to the spot foreign exchange rate.

Opening CFD Transaction Value : Buy 10,000 equity CFDs at £1 = £10,000
(£1 x 10,000)

Closing CFD Transaction Value : Sell 10,000 equity CFDs at £2 = £20,000
(£2 x 10,000)

Realised Profit and Loss : AUD \$16,300
(using GBP/AUD 1.6300 to convert £10,000)

6.7 STOCK BORROW FEES

IC Markets may charge you for the cost of our stock borrow charges in the event of being charged any such fees from our Hedge Counterparty. We will notify you of any such charges should they be incurred by us.

6.8 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 IC Markets). Bank

charges and fees imposed on IC Markets to clear your funds or in respect of your payments will also be charged to your Account.

The Account Terms may allow IC Markets 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. IC Markets may debit these amounts to your Account.

Exchange Fees

To enable your CFDs to trade on individual shares at market prices our dealing interface features share feed prices direct from the relevant stock exchange. The prices we publish for equity CFDs on shares are supplied to our trading platform from the relevant Exchange. Charges are incurred if we distribute data in this manner.

For clients who subscribe, the applicable exchange fees may be charged to your Account in accordance with the terms set out in the Trading Conditions published on our website. We may remove your access to an Exchange's price data if you do not have sufficient funds in your Account to cover the data fees. Your Account may be left with a debit balance as a result of ongoing data fees.

Section 7 – General Information

7.1 ACCOUNT CURRENCY

If you instruct IC Markets to effect a Transaction denominated in a currency different from the denomination of your Account currency, IC Markets will convert the currency value of your Transaction into the Account's currency.

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

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

7.2 DISCRETIONS

IC Markets has discretions under the Account Terms which can affect your Orders and positions. You do not have any power to direct how we exercise our discretions.

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

Our significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits we impose on your Account or your trading;
- determining Margin requirements, especially the amount of Initial Margin, any Variation Margin, minimum Margin cover requirements, the time to meet any changed Margin requirement;
- determining values of CFDs (for opening and closing positions and for determining Margin);
- setting prices; and
- closing your positions and setting the Closing Price.

You should consider the significant risks that arise from IC Markets exercising its discretions.

Our other discretions include:

- setting our fees and interest rates (Base rate, Financing rate and swap rate);
- adjusting CFDs for adjustments made by the Exchange to the Underlying Instrument;
- setting foreign exchange conversion rates;
- opening and closing your Account;

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

7.3 POLICIES

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

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

7.4 ANTI-MONEY LAUNDERING LAWS

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

7.5 ABOUT IC MARKETS

IC Markets is an Australian owned investment company. Further information about IC Markets is available on its website at www.icmarkets.com.

7.6 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.

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 for the purpose of Part IVAAA of the Taxation Administration Act 1953 (Commonwealth) and therefore, if the ruling applies to the investor, the Commissioner of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall. 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.

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 Contract Value on commencement of the position and any fees 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.

Tax file number withholding rules

The tax file number withholding rules only apply to those investments as set out in income tax legislation. IC Markets' 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 IC Markets with your tax file number or an exemption category, IC Markets may be obliged to withhold interest payments at the highest margin tax rate and remit that amount to the ATO.

Other fees, charges or commissions

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

Taxation of Financial Arrangements (TOFA)

The Australian laws on taxation of financial arrangements have rules (**Rules**) for determining the timing of gains and losses that arise in respect of financial arrangements. The rules provide that gains and losses from financial arrangements will be deemed to be a revenue amount for tax purposes.

The Rules are particularly important because it will have an impact on when a taxable gain or loss is recognised. This will affect your taxable income for the year and hence increase or decrease the tax payable.

The Rules could apply to the financial transactions made in CFDs; however, it excludes (i) individuals; (ii) superannuation funds and managed investment schemes whose total assets are less than \$100 million and (iii) and other entities with a turnover which is less than A\$100 million or other threshold tests, unless any of these persons elect to be treated by TOFA. You should seek independent taxation advice relevant to your circumstances.

Goods and Services Tax

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of 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.

7.7 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 IC Markets, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

7.8 ETHICAL CONSIDERATIONS

CFDs made under the Account do not have an investment component within the meaning of the Corporations Act for this purpose. Labour standards or environmental, social or ethical considerations are not taken into account by IC Markets when making, holding, varying or closing out CFDs.

7.9 JURISDICTIONS

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws.

7.10 IC MARKETS INSURANCE

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

7.11 DISPUTE RESOLUTION

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

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

1. Contact IC Markets and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
2. If you make a complaint in writing (which is not compulsory), we will acknowledge receipt of your complaint within 1 business day.
3. If your complaint is not satisfactorily resolved within five business days of receipt of your complaint, please contact the Compliance Department on +61(0)2 8014 4280 or put your complaint in writing and send it to the Compliance Department at:

International Capital Markets Pty Ltd
Level 6, 309 Kent Street
Sydney NSW 2000

IC Markets will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within ten 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 unless we advise you that we require more time due to the nature of your complaint or other reasonable consideration.

4. 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 Limited
G.P.O. Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Website: www.fos.org.au

IC Markets is a member of the FOS complaints resolution scheme, membership number 13527. The service provided to you by FOS is free.

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

7.12 PRIVACY

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

IC Markets has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 2000.

Significantly, these include the following:

1. Collecting personal information

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

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

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

2. Using the personal information

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

Personal information may be disclosed to:

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

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

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

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

3. Retaining personal information

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

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

7.13 APPLICATIONS

You apply for an Account by returning to IC Markets a completed application form which accompanies the PDS and Account Terms are available by contacting IC Markets' directly or is available on the internet.

Section 8 – Glossary

Account means your overall account with IC Markets established under the Account Terms and all Transactions recorded in them. Your Account will have one or more Trading Accounts.

Account Terms means the terms by which you deal in Transactions (as amended from time to time). For the CFDs covered by this PDS, these terms will be the CFD terms which were available with your application form for the Account (as later amended). Amendments may be notified to you from time to time in accordance with your current Account Terms.

ASIC means the Australian Securities and Investments Commission.

ASX means the securities and other Exchanges operated by ASX Limited.

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

Base Currency is the first currency quoted when requested a quote for a Foreign Exchange CFD.

Base Rate means the amount nominated by IC Markets for this term from time to time, as notified to you (including through online services) or posted on its website. Unless otherwise specified from time to time, it is expressed as an annual rate accruing daily based on a year of 360 days.

Buffer Limit has the meaning given to it in Term 12(1) and 12(2) of the Account Terms and may be an order to open or to close a CFD.

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 financial products on the terms of the Account, including the CFD Terms.

CFD Terms means the terms for CFDs supplementing or otherwise part of the Account Terms.

Claims is used in this PDS to refer to all of the benefit of IC Markets' claims against the Hedge Counterparty arising out of the hedge contracts.

Client refers to the person who has the Account.

Client moneys trust account is the trust account operated by IC Markets for compliance with Part 7.8 of the Corporations Act to receive your deposits of moneys.

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

Closing Date means the date on which the CFD Transaction is agreed to be Closed Out, or earlier, if actually or deemed to be Closed Out in accordance with the Account Terms.

Closing Price means the closing price (or, if an index, level) of the Underlying Instrument.

Closing Value means the value determined by multiplying the number of CFDs by the value or level of the CFD's Underlying Instrument at the Closing Date.

Contract Value means the face value of the CFD, and is calculated by IC Markets by multiplying the price (or, if an index, the level) of the relevant Underlying Instrument by the number of securities (or, if an index, multiplier) specified in or for the purposes of the CFD.

Current Market Price is the price available to IC Markets from its Hedge Counterparties, which may be a delayed price depending on whether you have subscribed for live pricing.

Day Order means an order for a Transaction which expires at the close of the Business Day's trading in the Exchange where the Underlying Instrument over which the CFD is offered is traded.

Exchange means the market operated by the ASX, ASX 24 operated by Australian Securities Exchange Limited (ABN 83 000 943 377), the Australian Clearing House operated by ASX Clearing Corporation Limited (ABN 45 087 801 554), or any other exchange or market in which IC Markets 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.

Foreign Exchange CFD means a CFD issued by IC Markets whose Underlying Instrument is foreign exchange contract.

Futures Contract means a financial product traded on a futures Exchange whose specifications determine the terms of the relevant Futures Derivative. For example, the terms of Futures Derivative whose Underlying Reference Instrument is the ASX/SPI 200 Index™ will be determined based on the specifications of that Futures Contract.

IC Markets means IC Markets Pty Limited ABN 12 123 289 109; Australian Financial Services Licence No. 335 692.

Hedge Counterparty means a person with whom IC Markets enters into a hedge contract to hedge IC Market's exposure to a CFD.

Index means an Index CFD whose Underlying Reference Instrument is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange. This could also be in the form of a futures contract where the reference is the underlying index.

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

Limit Order is an order to buy or sell at a specified price or better.

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

Non-margin product means an IC Markets Product (or other Transaction) which has a Margin requirement equal to the full Contract Value (i.e 100%) of the Underlying Reference Instrument. This means there will be no later Margin requirement for that product (unless in respect of an instalment payment on an Underlying Reference Instrument which is a partly paid security). This product could be a synthetic equity.

Opening Price means the opening price (or, if an index, level) of the Underlying Instrument.

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

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.

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

Product Module means a product specific module which forms part of this Agreement and sets out the terms and conditions that apply to specific types of CFDs and/or Services, and any amendments thereto. If, after your agreement to the Account Terms, you are sent a Product Module for a particular CFD type that you have not traded or been provided with before, then that Product Module will be effective and binding on you from the date that you first trade or open a CFD governed by that Product Module.

Spread means the difference between the bid price and the ask price of a CFD.

Stop Order is an Order which is triggered when the price or level reaches a particular price/level (the stop price). Once the price/level has reached this price, a Stop Order essentially becomes a market order which is acted on.

Surplus is used in this PDS to refer to all of the surplus funds which IC Markets has, sourced from your Margin payments to it, which IC Markets has not paid to the Hedge Counterparty or paid as your fees and charges.

Trading Account means a specific account within your overall Account, which can be set up to apply to one particular currency or one particular group of CFDs, such as equity CFDs. The Trading Accounts are for your

administrative convenience – they are not segregated trading accounts quarantined from each other.

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 IC Markets to be the amount payable by you to IC Markets in respect of each Transaction as set out in this PDS or as later varied in accordance with the Account Terms and this PDS.

Underlying Investment is just a general expression for the kind of investments that make up the Underlying Instrument, rather than referring to a specific Underlying Instrument for a CFD.

Underlying Instrument means any security, financial product, foreign exchange, commodity, index or other item (or any combination of one or more of those) the subject of a Transaction, including a value determined by reference to an index or an index multiplied by an amount of currency, in any jurisdiction, whether or not through an Exchange or other market facility. References in this PDS to an Underlying Instrument which is a share or other similar equity financial product also apply when the Underlying Instrument 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 Underlying Instrument).

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

We or Us refers to IC Markets.

Withdrawable Funds means the amount calculated by IC Markets 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 is calculated based on:

- the Withdrawable Funds of the Account, being:
 - the cash balance of the Account (if any); plus
 - the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Account; minus
 - the value of all Margin cover requirements for all Transactions on the Account (including all Trading Accounts); and
- the Withdrawable Funds of a Trading Account, being:
 - the cash balance of the Trading Account (if any); plus
 - the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Trading Account.

The amount is subject to final adjustment by IC Markets at any time including immediately after payment of cash to you for any reason whatever, including changes in the value or level of Underlying Instrument, interest rates, currency rates, and unposted (or unreported) but accrued dividend or corporate action adjustments, Finance Charges or Transaction Fees.

You means the person who is the Client.

IC Markets office directory

International Capital Markets Pty Ltd (IC Markets) can be contacted at:

Level 6
309 Kent Street
Sydney NSW 2000

Toll Free: 1300 600 644
Telephone: 61 (0)2 8014 4280
Email: info@icmarkets.com
or via our website at: www.icmarkets.com

Section 9 – Account Terms

1. Introduction

- 1) International Capital Markets Pty Ltd (ABN 12 123 289 109) ("we", "us", "our", "ours" and "ourselves" as appropriate), is regulated by the Australian Securities and Investment Commission ("ASIC") and is a holder of an Australian Financial Services Licence issued by ASIC numbered 335 692 (the "AFS Licence") in respect of Transactions on financial markets. Our registered address is Level 6, 309 Kent Street, Sydney NSW 2000.
- 2) These Account Terms, once we have accepted and opened an account for you will form an agreement (**Agreement**) between us and you and will govern all Transactions entered into between us and the customer ("you", "your", "yours" and "yourself" as appropriate). You should read this Agreement carefully, including the contract details, the Financial Services Guide and ancillary documents, any applicable product module together with the Product Disclosure Statement and any other documents that we have supplied or in the future do supply to you.
- 3) Nothing in this Agreement will exclude or restrict any duty or liability owed by us to you under the Governing Legislation and if there is any conflict between this Agreement and the Governing Legislation, the Governing Legislation will prevail.
- 4) This Agreement will come into effect on the date we open your account, and, for any new versions thereof, on the date we notify you.
- 5) In this Agreement certain words and expressions have the meanings set out in clause 30.

2. The services we will provide and dealings between you and us

- 1) This Agreement sets out the basis on which we will enter into Transactions with you and governs each Transaction entered into or outstanding between you and us on or after this Agreement comes into effect. Our CFDs carry a high level of risk and can result in losses that exceed your initial payment. Our products are not suitable for everyone. An explanation of the risks associated with our CFDs set out in Section 5 of the Product Disclosure Statement and you should ensure you fully understand such risks before entering into this Agreement with us.
- 2) Under the terms of the Governing Legislation you will be classified as a retail client unless we establish that you fall within the category of wholesale client. If you meet these criteria and apply to be categorised as a wholesale client we will notify you of our decision and of your classification in writing.
- 3) We will act as principal and not as agent on your behalf. You will open each Transaction with us as principal and not as agent for any undisclosed person. This means that unless we have otherwise agreed in writing, we will treat you as our client for all purposes and you will be directly and personally responsible for performing your obligations under each Transaction entered into by you, whether you are dealing with us directly or through an agent. If you act in connection with or on behalf of someone else, whether or not you identify that person to us, we will not accept that person as an indirect customer of ours and we will accept no obligation to them unless otherwise specifically agreed in writing.
- 4) Dealings with you will be carried out by us on an execution-only basis unless agreed by us, in writing, as being on an advisory basis or a discretionary management basis. You agree that, unless otherwise provided in this Agreement, we are under no obligation:
 - (a) to satisfy ourselves as to the suitability of any Transaction for you;
 - (b) to monitor or advise you on the status of any Transaction;
 - (c) to make Margin calls; or
 - (d) to close any Transaction that you have opened,

Notwithstanding that previously we may have given such advice or taken such action in relation to that Transaction or any other.
- 5) Where dealings between you and us are on an execution-only basis you will not be entitled to ask us to provide you with investment advice relating to a Transaction or make any statement of opinion to encourage you to open a particular Transaction. We may, in our absolute discretion, provide information:
 - (a) in relation to any Transaction about which you or your authorised representative have enquired, particularly regarding procedures and risks attaching to that Transaction and ways of minimising risk; and
 - (b) by way of factual market information,

however, we will be under no obligation to disclose such information to you and in the event of us supplying such information it will not constitute financial product advice. If, notwithstanding the fact that dealings between you and us are on an execution-only basis, a dealer employed by us nevertheless makes a statement of opinion (whether in response to your request or otherwise) regarding any Instrument or Transaction, you agree that it is not reasonable for you to, nor will you be entitled to, rely on such statement and that it will not constitute financial product advice.

- 6) Where we have agreed in writing that dealings between you and us are on an advisory basis, any investment or financial product advice we may provide to you will be subject to the Product Module.
- 7) If the information given to you pursuant to Term 2(4)(a) and/or 2(4)(b) above is deemed to be financial product advice, you acknowledge and agree that:
 - (a) this information constitutes general financial product advice only; and
 - (b) this information will have been prepared without taking into account your personal objectives, financial situation or needs;
 - (c) because of this, you should, before opening any Transactions, consider the appropriateness of the information, having regard to your personal objectives, financial situation and needs.
- 8) Notwithstanding Term 2(5), you agree that in respect of execution-only dealing you rely on your own judgement in opening, closing, or refraining from opening or closing a Transaction with us and that in respect of both execution only and advisory dealing we will not, in the absence of fraud, wilful default or negligence be liable for any losses (including, without limitation, indirect or consequential losses or loss of opportunity or profits arising from any failure by you to make any anticipated profits), costs, expenses or damages suffered by you arising from any inaccuracy or mistake in any information or advice, or unsuitability of any advice, given to you, including without limitation, information or advice relating to any of your Transactions with us. You acknowledge and agree that if, in any given circumstance, we do not positively offer any advice or recommend that you take any action in relation to any Transaction, that does not imply that we are advising you not to take such action (or any action at all) in relation to that Transaction. Subject to our right to void or close any Transaction in the specific circumstances set out in this Agreement, any Transaction opened by you following such inaccuracy or mistake will nonetheless remain valid and binding in all respects on both you and us.
- 9) You acknowledge that information contained in the Contract Details is indicative only and may, at the time when you open or close a Transaction, have become inaccurate. The current Contract Details will be the version then displayed on our website(s), which may be updated from time to time.
- 10) In the event that any information contained in the Product Disclosure Statement becomes inaccurate or out of date or if there occurs a material change in any of the matters specified in the PDS or if there occurs any significant event that affects the matters so specified we will issue a Supplemental Product Disclosure Statement or a new Product Disclosure Statement in accordance with the Legislation. You agree that, subject to the Governing Legislation, we may provide you with any such Supplemental Product Disclosure Statement or new Product Disclosure Statement by publishing it on our website(s) and that it is your responsibility to consult our website(s) prior to placing any Transaction with us. In addition we may, at our discretion, send any Supplemental Product Disclosure Statement or new Product Disclosure Statement to you by email or by post.
- 11) Before you begin to trade with us, we will take all reasonable steps to provide you with a clear explanation of all commission, spreads, fees, funding and other charges for which you will be liable. These charges will affect your trading net profits (if any) or increase your losses. See Terms 4(1)(a), 4(1)(b), 5(5), 8(16), 12(5), 14(2) and 14(3) for further details.
- 12) We reserve the right to require you to pay, or reimburse, us for stamp duty in the event of a change in the basis of stamp duty rates or law. We also reserve the right to charge you for the provision by us to you of market data (be that raw or derived market data).
- 13) We offer different types of accounts with different characteristics and features. Depending on your knowledge and experience and the type of Transactions you generally place with us, some of these account types may not be available to you. We reserve the right to convert your account into a different account type if, acting reasonably, we determine that a different type of account is more appropriate for you. We also

reserve the right to change the features and eligibility criteria of our accounts at any time and we will provide prior notification of such changes on our website, by email or on our Electronic Trading Service.

14) From time to time, we may make additional services or specific types of Transactions available to you, for example, spot foreign exchange contracts. Such additional services or Transactions may be subject to special conditions.

15) We may, with or without notice, and in addition to any other rights we have under these terms:

- a) close-out or cancel all or part, as we reasonably consider appropriate, the Contracts for Difference; or
- b) reduce your positions limit; or
- c) refuse Orders; or
- d) terminate this Agreement; or
- e) adjust the price, size or value of the contract; or
- f) adjust the margin requirement (leverage).

16) We may exercise our rights in accordance Term 2(15) if:

- a) An Event of Default event has occurred; or
- b) we reasonably consider that there are abnormal trading conditions; or
- c) we reasonably consider if necessary for the protection of our rights under this Agreement; or
- d) we are unable to make prices in the relevant contract due to the unavailability of the relevant market information for reasons beyond our control; or
- e) we so decide in our absolute discretion and, in this case only, give written notice of such decision to you; or
- f) we consider that you may be in possession of 'inside information' within the meaning of section 1042A of the Corporations Act; or
- g) we consider that you may be breach of any applicable law; or
- h) either party is so requested by the ASIC or any other regulatory agency or authority; or
- i) your actual Margin is less than the required Margin; or
- j) the aggregate of the Contract Value for your Orders and the Contract Value for all other orders for an Underlying Instrument is below the minimum or above the maximum values that we reasonably consider appropriate in the market.

17) You accept that we may Close-out any of your Transactions and in what proportion that we decide in our absolute discretion.

3. Conflicts of interest

1) You acknowledge that we and our Associated Companies provide a diverse range of financial services to a broad range of clients and counterparties and circumstances may arise in which we, our Associated Companies, or a Relevant Person may have a material interest in a Transaction with or for you or where a conflict of interest may arise between your interests and those of other clients or counterparties or of ourselves.

2) We are required by law to take all reasonable steps to identify conflicts of interests between ourselves, our Associated Companies and Relevant Persons and our clients, or between one client and another, that arise in the course of providing our investment service. The following are examples of such material interests and conflicts of interests:

- (a) We may effect or arrange for the effecting of a Transaction with you or on your behalf in connection with which we, our Associated Companies, or a Relevant Person may have other direct or indirect material interests;
- (b) Subject to the Governing Legislation, we may pay to and accept from third parties (and not be liable to account to you) benefits, commissions or remunerations which are paid or received as a result of Transactions conducted by you;
- (c) We, or an Associated Company, may give investment advice or provide other services to another client about or concerning the Underlying Market in relation to which you enter a Transaction.

3) We have in place organisational and administrative controls to manage the conflicts of interests identified above such that we can be reasonably confident that risks of damage to clients as a result of any conflict will be prevented.

4) We are not under any obligation to account to you for any profit, commission or remuneration made or received from or by reason of Transactions or circumstances in which we, our Associated Companies or a Relevant Person has a material interest or where in particular circumstances a conflict of interest may exist.

5) You acknowledge that you are aware of the possibility that the conflicts disclosed in this Term will arise and consent to us acting notwithstanding such conflict.

4. Providing a quote

Upon your request, in accordance with Terms 4(2) and 4(3), we will quote a higher and lower figure for each Transaction ("our bid and ask prices"). Subject to Term 4(8), these figures will be either effectively based on the bid/offer prices in the Underlying Market or they will be our own bid/offer prices and details of which basis will apply may be found in the Contract Details or may be obtained from our dealers on request. You acknowledge that our spreads can widen significantly in some circumstances, that they may not be the same size as the examples given in the Contract Details and that there is no limit on how large they may be. You acknowledge that when you close a Transaction, the Spread may be larger or smaller than the Spread when the Transaction was opened. You acknowledge that such figures will be set by us at our reasonable discretion. The Spread quoted by us will reflect our view of prevailing market conditions.

1) You may request a quote to open a Transaction or to close all or any part of a Transaction at any time during our normal hours of trading for the Instrument in respect of which you wish to open or close the Transaction. Outside those hours, we will be under no obligation to but may, at our absolute discretion, provide a quote and accept and act on your offer to open or close a Transaction. We may notify you of certain Instruments in respect of which we will not quote, restrictions on the amount for which we will quote, or other conditions that may apply to our quote, but any such notification will not be binding on us.

2) If we choose to provide a quote, we may provide a quote either orally by telephone or electronically via our Electronic Trading Services or by such other means as we may from time to time notify to you. Our quoting of a higher and lower figure for each Instrument (whether by telephone, Electronic Trading Service, or otherwise) does not constitute an offer to open or close a Transaction at those levels. A Transaction will be initiated by you offering to open or close a Transaction in respect of a specified Instrument at the level quoted by us. We may, acting reasonably, accept or reject your offer at any time until the Transaction has been executed or we have acknowledged that your offer has been withdrawn. A Transaction will be opened or, as the case may be, closed only when your offer has been received and accepted by us. Our acceptance of an offer to open or close a Transaction, and thus the execution of the Transaction, will be evidenced by our confirmation of its terms to you.

3) If we become aware that any of the factors set out in Term 4(5) are not satisfied at the time you offer to open or close a Transaction, we reserve the right to reject your offer at the level quoted. If we have, nevertheless, already opened or closed a Transaction prior to becoming aware that a factor set out in Term 4(5) has not been met we may, at our discretion, either treat such a Transaction as void from the outset or close it at our then prevailing price. However, we may allow you to open or, as the case may be, close the Transaction in which case you will be bound by the opening or closure of such Transaction, notwithstanding that the factors in Term 4(5) were not satisfied.

4) The factors referred to in Term 4(4) include, but are not limited to, the following:

- (a) the quote must be obtained from us as set out in Term 4(3);
- (b) the quote must not be expressed as being given on an "indicative only" or similar basis;
- (c) if you obtain the quote by telephone, it must be given by a person who is a dealer employed by us and your offer to open or close the Transaction must be given during the same telephone conversation in which you obtained the quote and the dealer giving the quote must not have informed you before you make the offer to open or close the Transaction and that offer has been confirmed as accepted by us that the quote is no longer valid;
- (d) if you obtain the quote electronically via our Electronic Trading Services, your offer to open or close the Transaction, and our acceptance of your offer, must be given while the quote is still valid;
- (e) the quote must not be a Manifest Error;
- (f) when you offer to open a Transaction, the number of shares, contracts or other units in respect of which the Transaction is to be opened must be neither smaller than the Minimum Size nor larger than the Normal Market Size;
- (g) when you offer to close part but not all of an open Transaction both the part of the Transaction that you offer to close and the part that would remain open if we accepted your offer must not be smaller than the Minimum Size;
- (h) a Force Majeure Event must not have occurred;

- (i) when you offer to open a Transaction an Event of Default must not have occurred in respect of you, nor must you have acted in such a way as to trigger an Event of Default;
 - (j) the telephone or Electronic conversation in which you offer to open or close the Transaction must not be terminated before we have received and accepted your offer;
 - (k) when you offer to open or close any Transaction, the opening of the Transaction must not result in your exceeding any credit or other limit placed on your dealings.
- 5) We reserve the right to refuse any offer to open or close a Transaction larger than the Normal Market Size. Our quotation for a Transaction equal to or greater than Normal Market Size is not guaranteed to be within any specific percentage of any Underlying Market or related market quotation and our acceptance of your offer may be subject to special conditions and requirements that we will advise to you at the time we accept your offer. We will inform you of the Normal Market Size for a particular Instrument on request.
- 6) Where an Instrument trades on multiple Underlying Markets, one of which is the primary Underlying Market, you agree that we may but are not required to base our bid and offer prices on the aggregate bid/offer prices in the Underlying Markets.

5. Opening a Transaction

- 1) You will open a Transaction by "buying" or "selling". In this Agreement a Transaction that is opened by "buying" is referred to as a "Buy" and may also, in our dealings with you, be referred to as "long" or "long position"; a Transaction that is opened by "selling" is referred to as a "Sell" and may also, in our dealings with you, be referred to as "short" or "short position".
- 2) When you open a Buy, the Opening Level will be the higher figure quoted by us for the Transaction and when you open a Sell, the Opening Level will be the lower figure quoted by us for the Transaction.
- 3) A Transaction must always be made for a specified number of shares, contracts or other units that constitute the underlying Instrument.
- 4) Each Transaction opened by you will be binding on you notwithstanding that by opening the Transaction you may have exceeded any credit or other limit applicable to you or in respect of your dealings with us.
- 5) When you open and when you close a Transaction, you will pay us a Commission that is calculated as a percentage of the value of the opening or closing Transaction (as applicable) or as an amount per equivalent Instrument or Instruments on the Underlying Market or on any other basis agreed between ourselves in writing (unless we expressly agree not to charge a commission). The Commission will be the amount set out in the Contract Details or otherwise notified to you, or, if no such rate is specified, it will be 0.2% of the value of the opening or closing Transaction (as applicable).
- 6) Unless we agree otherwise, all sums payable by you pursuant to Term 5(5) upon opening are due and must be paid upon the Opening Level of your Transaction being determined by us.

6. Multiple Transactions

- 1) Where you have opened a Buy in respect of a particular Instrument and you subsequently open a Sell in respect of the same Instrument, including by an Order, at a time when the Buy remains open, then unless you instruct us to the contrary (for example, by way of a Force Open, if accepted by us):
 - (a) if the size of the Sell order is less than the size of the Buy, we will treat the offer to sell as an offer to partly close the Buy to the extent of the size of the Sell order;
 - (b) if the size of the Sell order is the same as the size of the Buy, we will treat the offer to sell as an offer to close the Buy entirely;
 - (c) if the size of the Sell order exceeds the size of the Buy, we will treat the offer to sell as an offer to close the Buy entirely and open a Sell position equal to the amount of such excess.
- 2) Where you have opened a Sell in respect of a particular Instrument and you subsequently open a Buy in respect of the same Instrument, including by an Order, at a time when the Sell remains open, then unless you instruct us to the contrary (for example, by way of a Force Open, if accepted by us):
 - (a) if the size of the Buy order is less than the size of the Sell we will treat the offer to buy as an offer to partly close the Sell to the extent of the size of the Buy order;
 - (b) if the size of the Buy order is the same as the size of the Sell we will treat the offer to buy as an offer to close the Sell entirely;

- (c) if the size of the Buy order exceeds the size of the Sell we will treat the offer to buy as an offer to close the Sell entirely and open a Buy position equal to the amount of such excess.

7. Closing a Transaction

Undated Transactions

- 1) Subject to this Agreement and any requirement we may specify in relation to Linked Transactions, you may close an open Undated Transaction or any part of such open Undated Transaction at any time.
- 2) When you close an Undated Transaction, the Closing Level will be, if you are closing an Undated Buy Transaction, the lower figure then quoted by us and, if you are closing an Undated Sell Transaction, the higher figure then quoted by us.

Expiry Transactions

- 3) Subject to this Agreement and any requirement we may specify in relation to Linked Transactions, you may close an open Expiry Transaction or any part of such open Expiry Transaction at any time prior to the Last Dealing Time for that Instrument.
 - 4) Details of the applicable Last Dealing Time for each Instrument will normally be available in the Contract Details and may be obtained from us on request. It is your responsibility to make yourself aware of the Last Dealing Time or, as the case may be, the expiry time for a particular product.
 - 5) When you close an Expiry Transaction prior to the Last Dealing Time for the Instrument, the Closing Level will, if the Transaction is a Buy, be the lower figure then quoted by us and if the Transaction is a Sell, the higher figure then quoted by us.
 - 6) If you do not close an Expiry Transaction in respect of an Instrument on or before the Last Dealing Time then, subject to Term 7(8), we will close your Expiry Transaction as soon as we have ascertained the Closing Level of the Expiry Transaction. The Closing Level of the Expiry Transaction will be (a) the last traded price at or prior to the close or the applicable official closing quotation or value in the relevant Underlying Market as reported by the relevant exchange, errors and omissions excluded; plus or, as the case may be, minus (b) any Spread that we apply when such an Expiry Transaction is closed. Details of the Spread that we apply when a particular Expiry Transaction is closed are set out in the Contract Details and are available on request. You acknowledge that it is your responsibility to make yourself aware of the Last Dealing Time and of any Spread or Commission that we may apply when you close an Expiry Transaction.
 - 7) We may accept standing instructions from you to automatically roll over all of your Expiry Transaction(s) to the next contract period, so that they do not automatically expire. Alternatively, you may ask that we accept roll instructions in respect of a specific Expiry Transaction. You acknowledge that it is your responsibility to make yourself aware of the next applicable contract period for a Transaction and that effecting the rollover of a Transaction may result in you incurring losses on your account. Any agreement as to roll over is entirely at our discretion and we reserve the right to refuse to rollover a Transaction or Transactions, despite any instruction you have given us, if we determine, acting reasonably, that to effect a rollover would result in you exceeding any credit or other limit placed on your dealings with us. Where we do effect a rollover, the original Expiry Transaction will be closed at or just prior to the Last Dealing Time and become due for settlement and a new Expiry Transaction will be created; such closing and opening trades will be on our normal terms.
 - 8) Where an Expiry Transaction in respect of an Instrument is in excess of four times the Normal Market Size, or where any number of such Expiry Transactions are together in excess of four times the Normal Market Size, and where such Expiry Transaction(s) has not already been closed prior to the Last Dealing Time, we reserve the right to automatically roll over the Expiry Transaction(s) to the next contract period where we reasonably believe it is in your best interests and/or the best interests of our clients as a whole to do so. If we choose to roll over your Transaction(s), we will generally try to contact you ahead of the Last Dealing Time, but for the avoidance of doubt we may roll your Transaction(s) even if we have not contacted you.
- ##### *General provisions*
- 9) Our additional rights to void and/or close one or more of your Transactions in specific circumstances are set out in Terms 4(4), 7(3), 8, 10, 14(4), 16, 19(5), 20, 22, 23, 24 and 25(2).
 - 10) Upon closing a Transaction, and subject to any applicable adjustments for interest and dividends in accordance with this Agreement:

- (a) you must pay us the difference between the Opening Level of the Transaction and Closing Level of the Transaction multiplied by the number of units of the Instrument that comprise the Transaction if the Transaction is:
 - (i) a Sell and the Closing Level of the Transaction is higher than the Opening Level of the Transaction; or
 - (ii) a Buy and the Closing Level of the Transaction is lower than the Opening Level of the Transaction.
- (b) we must pay you the difference between the Opening Level of the Transaction and the Closing Level of the Transaction multiplied by the number of units of the Instrument that comprise the Transaction if the Transaction is:
 - (i) a Sell and the Closing Level of the Transaction is lower than the Opening Level of the Transaction; or
 - (ii) a Buy and the Closing Level of the Transaction is higher than the Opening Level of the Transaction.
- 11) When you close a Transaction you must pay us Commission as set out in Term 5(5).
- 12) Unless we agree otherwise, all sums payable by you pursuant to Term 7(10)(a) and Term 7(11) are due immediately upon the Closing Level of your Transaction being determined by us and will be paid in accordance with Term 13. Sums payable by us pursuant to Term 7(10)(b) and will be settled in accordance with Term 15.
- 13) We reserve the right to alter your Closing Level in accordance with Term 4(6).

8. Electronic Transactions

- 1) You represent and warrant that you are aware of all Applicable Regulations that apply to Electronic Trading Services that you use and that your use of the Electronic Trading Services will comply with all Applicable Regulations and this Agreement as amended from time to time.
- 2) We have no obligation to accept, or to execute or cancel, all or any part of a Transaction that you seek to execute or cancel through an Electronic Trading Service. Without limitation of the foregoing, we have no responsibility for transmissions that are inaccurate or not received by us, and we may execute any Transaction on the terms actually received by us.
- 3) You authorise us to act on any instruction given or appearing to be given by you using the Security Devices and received by us in relation to any Electronic Trading Service you use ("**Instruction**"). We are not obliged to act on any Instruction, or to execute or otherwise enter into any particular Transaction, and need not give any reasons for declining to do so. Unless we agree otherwise with you, you will have no right to amend or revoke an Instruction once received by us. You will be responsible for the genuineness and accuracy, both as to content and form, of any Instruction received by us. You acknowledge that in the event of Manifest Error prices or volumes we will have a right to void the Transaction and such a Transaction will not be binding on us.
- 4) You acknowledge we have the right, unilaterally and with immediate effect, to suspend or terminate (at any time, with or without cause or prior notice) all or any part of any Electronic Trading Service, or your access to any Electronic Trading Service, to change the nature, composition or availability of any Electronic Trading Service, or to change the limits we set on the trading you may conduct through any Electronic Trading Service.
- 5) In accordance with Term 4, all prices shown on any Electronic Trading Service are indicative and are subject to constant change.

Access

- 6) Use of any high speed or automated mass data entry system with any Electronic Trading Service will only be permitted with our prior written consent exercised in our sole discretion.
- 7) Where we permit electronic communications between you and us to be based on a customised interface using a protocol such as FIX, those communications will be interpreted by and subject to any rules of engagement for such interface protocol that are provided to you.
- 8) You are required to test any customised interface prior to using it in a live environment and you agree you will be responsible for any errors or failure in your implementation of the interface protocol.

Use of Electronic Trading Services

- 9) Where we grant you access to an Electronic Trading Service we will grant you, for the term of this Agreement, a personal, limited, non-exclusive, revocable, non-transferable and non-sublicenseable license to use the Electronic Trading Services pursuant to and in strict accordance with the terms of this Agreement. We may provide certain portions of the Electronic Trading Services under licence from third parties, and you will comply with any additional restrictions on your usage that we may communicate to you from time to time, or that are otherwise the subject of an agreement between you and such licensors.
- 10) We are providing the Electronic Trading Services to you only for your personal use and only for the purposes, and subject to the Account Terms, of this Agreement. You may not sell, lease, or provide, directly or indirectly, the Electronic Trading Services or any portion of the Electronic Trading Services to any third party except as permitted by this Agreement. You acknowledge that all proprietary rights in the Electronic Trading Services are owned by us or by any applicable third party service providers selected by us providing us with all or part of the Electronic Trading Services, or providing you with access to the Electronic Trading Services, or their respective licensors, and are protected under copyright, trademark and other intellectual property laws and other applicable law. You receive no copyright, intellectual property rights or other rights in or to the Electronic Trading Services, except those specifically set out in this Agreement. You will protect and not violate those proprietary rights in the Electronic Trading Services and honour and comply with our reasonable requests to protect our and our third party service providers' contractual, statutory and common law rights in the Electronic Trading Services. If you become aware of any violation of our or our third party service providers' proprietary rights in the Electronic Trading Services, you will notify us in writing immediately.

Software

- 11) In the event that you receive any data, information or software via an Electronic Trading Service other than that which you are entitled to receive pursuant to this Agreement, you will immediately notify us and will not use, in any way whatsoever, such data, information or software.
- 12) For some Electronic Trading Services software may be downloaded by you on one or more Systems but under no circumstances are you permitted to use the Electronic Trading Service on more than one System at any one time.
- 13) You will take all reasonable steps to ensure that no computer viruses, worms, software bombs or similar items are introduced into the System or software you use to access our Electronic Trading Services.
- 14) We and our licensors (as the case may be) will retain the intellectual property rights in all elements of the software and such software and databases contained within the Electronic Trading Services and you will not in any circumstances, obtain title or interest in such elements other than as set out in this Agreement.

Market Data

- 15) With respect to any market data or other information that we or any third party service provider provide to you in connection with your use of the Electronic Trading Services, (a) we and any such provider are not responsible or liable if any such data or information is inaccurate or incomplete in any respect; (b) we and any such provider are not responsible or liable for any actions that you take or do not take based on such data or information; (c) you will use such data or information solely for the purposes set out in this Agreement; (d) such data or information is proprietary to us and any such provider and you will not retransmit, redistribute, publish, disclose or display in whole or in part such data or information to third parties except as required by Applicable Regulations; (e) you will use such data or information solely in compliance with the Applicable Regulations; and (f) you will pay such market data costs (if applicable, for direct market access for example) associated with your use of a Electronic Trading Service as we inform you from time to time.
- 16) In addition to the above, in respect of Exchange data that you elect to receive via the Electronic Trading Service, you agree to any terms and conditions relating to the redistribution and use of such data as set out on our website on the exchange permissions page.

9. Dealing procedures Agents

- 1) Without prejudice to our right to rely and act on communications from your authorised representative under Term 12(4), we will not be under any duty to open or close any Transaction or accept and act in accordance with any communication if we reasonably believe that such authorised representative may be acting in excess of its authority. In the event that we have opened a Transaction before coming to such a belief

we may, at our absolute discretion, either close such a Transaction at our then prevailing price or treat the Transaction as having been void from the outset. Nothing in this Term 9(1) will be construed as placing us under a duty to enquire about the authority of an authorised representative who purports to represent you.

Infringement of law

- 2) We will not be under any duty to open or close any Transaction if we reasonably believe that to do so may not be practicable or would infringe any Applicable Regulation or Term. In the event that we have opened a Transaction before coming to such a belief we may, at our absolute discretion, either close such a Transaction at the then prevailing bid price (in the case of Sell Transactions) or offer price (in the case of Buy Transactions) or treat the Transaction as having been void from the outset.

Situations not covered by this Agreement

- 3) In the event that a situation arises that is not covered under these Account Terms or the Contract Details, we will resolve the matter on the basis of good faith and fairness and, where appropriate, by taking such action as is consistent with market practice or by paying due regard to the treatment we receive from any counterparty with whom we have hedged (or both).

Borrowing charges and Transactions becoming un-borrowable

Where you have opened a Sell in respect of a particular Instrument, we reserve the right to pass on to you any stock borrowing charges incurred by us. If you do not pay any stock borrowing charges that become payable after you have opened such a Transaction, or we are unable to continue to borrow that Instrument in the Underlying Market (and we give you notice to that effect), we will be entitled to close your Transaction in respect of that Instrument with immediate effect. You acknowledge that this may result in you incurring a loss on the Transaction. Further, you fully indemnify us against any fine, penalty, liability or other similar charge imposed on us for any reason by any Exchange, Underlying Market or any other regulatory authority that relates in any way to your opening or closing a Transaction or any related transaction by us to hedge your Transaction. For the avoidance of doubt, this indemnity extends to any stock recall or buy back fees imposed by any Underlying Market in relation to a Transaction placed by you.

- 4) In the event that you open a Transaction in relation to an Underlying Instrument that is a share, and that underlying share becomes un-borrowable so that we are unable to hedge against losses that we may incur in relation to that Transaction we may, at our absolute discretion, take one or more of the following steps:
 - (a) increase your Margin requirements;
 - (b) close the relevant Transactions at such Closing Level as we reasonably believe to be appropriate;
 - (a) alter the Last Dealing Time for the relevant Transaction.

We may not be able to borrow a share from the outset or our counterparties may recall from us a stock that we have already borrowed against.

General

- 5) Additional dealing procedures are set out in the Product Disclosure Statement, as amended from time to time, and any other documents provided by us to you from time to time, none of which form part of this Agreement unless expressly stated otherwise.

10. Manifest Error

- 1) We may, without your consent, either determine a Transaction from the outset or at any time amend the terms of any Transaction containing or based on any error that we reasonably believe to be obvious or palpable (a "Manifest Error"). If, in our discretion, we choose to amend the terms of any such Transaction with a Manifest Error, the amended level will be such level as we reasonably believe would have been fair at the time the Transaction was entered into. In deciding whether an error is a Manifest Error we shall act reasonably and we may take into account any relevant information including, without limitation, the state of the Underlying Market at the time of the error or any error in, or lack of clarity of, any information source or pronouncement upon which we base our quoted prices. Any financial commitment that you have entered into or refrained from entering into in reliance on a Transaction with us will not be taken into account in deciding whether or not there has been a Manifest Error.
- 2) In the absence of our fraud, wilful default or negligence, we will not be liable to you for any loss, cost, claim, demand or expense following a determination of a Manifest Error (including where the Manifest Error is made by any information source, commentator or official on whom we reasonably rely) or an amendment by us due to it.

- 3) If a Manifest Error has occurred and we choose to exercise any of our rights under Term 10(1), and if you have received any monies from us in connection with the Manifest Error, you agree that those monies are due and payable to us and you agree to return an equal sum to us without delay.
- 4) It is possible that errors, omissions or misquotes (each also a "Manifest Error") may occur in the pricing of CFDs quoted by us, which by fault of either us or any third party, is materially incorrect when taking into account market conditions and quotes in Underlying Instruments which prevailed at the time. A Manifest Error may include an incorrect price, date, time or any error where there is a lack of clarity of information. If a Transaction is based on a Manifest Error, we may without your consent:
 - a) amend the terms and conditions of the CFD to reflect what we consider to have been the fair price at the time the CFD had been entered into and there had been no Manifest Error;
 - b) close the trade and any open positions resulting from it;
 - c) treat the CFD as void from the outset;
 - d) refrain from taking action to amend or void the CFD, or
 - e) any of the above.
- 5) We will exercise our rights under Term 10(4) reasonably, in good faith and as soon as reasonably practical after we become aware of the Manifest Error. To the extent reasonably practicable, we will give you prior notice of any action we take under this clause; but if it is not reasonably practicable we will give you notice as soon as reasonably practicable afterwards. In the absence of fraud or gross negligence on our part, to the extent permitted by law we are not liable to you for any loss, cost, claim, demand or expense that you incur or suffer (including loss of profits or indirect or consequential losses), arising from or connected with the Manifest Error including if the Manifest Error arises from an information service on which we rely.

If a Manifest Error has occurred and we exercise our rights under Term 10(4), we may, without notice, adjust your Account or require that any moneys paid in relation to the CFD subject to the Manifest Error be repaid to us as a debt due payable on demand.

11. Trading Platform Manipulation

- 1) If we reasonable believe that you have manipulated our prices, our execution process or our Electronic Trading Service, we may in our sole and absolute discretion subject to Term 10(5) without notice to you do any one or more of the following (to the extent permitted by law):
 - a) enforce the Transaction(s) against you if it is a Transaction (s) which results in you owing money to us;
 - b) treat all of your Transactions as void from the outset if they are Transactions which result in us owing money to you, unless you produce conclusive evidence within 30 days of us giving you notice under this clause that you have not committed any breach or warranty, misrepresentation or undertaking in this Agreement;
 - c) withhold any funds suspected to have been derived from any such activities;
 - d) close your Account; and
 - e) take such other action as we consider appropriate.

12. Orders

- 1) We may, in our absolute discretion, accept an "Order" from you. An Order is an offer to open or close a Transaction if our price moves to, or beyond, a level specified by you. Examples of such Orders are:
 - (a) A Stop Order, which is an offer to deal if our quote becomes less favourable to you. A Stop Order is generally placed to provide some risk protection, for example in the event of your Transaction moving into loss, and can be used to either open or close a Transaction. Each Stop Order has a specific stop level, set by you (but subject to our agreement). Your Stop Order will be triggered if our bid price (in the case of an Order to Sell) or our offer price (in the case of an Order to Buy) moves against you to a point that is at or beyond the level specified by you. Once a Stop Order is triggered we will, in accordance with Term 12(3) and subject to Term 12(4), open or as the case may be close a Transaction at a level that is the same or worse than your stop level.
 - (b) A Trailing Stop, which is similar to a Stop Order, the difference being that a Trailing Stop allows you to set a floating stop level that automatically moves when our quote moves in your favour. A Trailing Stop is triggered and executed in the same way as a Stop Order as set out in Term 12(3) and subject to Term 12(4). By choosing to use our Trailing Stop function, you acknowledge the following: (i) Trailing Stops are an automated tool that must be used with caution and supervision by you; and (ii) we do not guarantee to operate our Trailing stop system on a continuous

basis so there may be instances in which your stop level might not in fact move with our current quote for the relevant Instrument, for example: where our Trailing Stop function (i.e. the systems and technology that operate our Trailing Stops) is inactive; or where our current quote for the relevant Instrument is a Manifest Error; or where there has been a large, short term price movement in our quote for the relevant Instrument that is unrepresentative of current Underlying Market conditions.

- (b) A Limit Order, which is an instruction to deal if our quote becomes more favourable to you. A Limit Order can be used to either open or close a Transaction. Each Limit Order has a specified limit, set by you (but subject to our agreement). Your Limit Order will be triggered if our bid price (in the case of an Order to Sell) or our offer price (in the case of an order to Buy) moves in your favour to a point that is at or beyond your specified limit. Once a Limit Order is triggered we will, in accordance with Term 12(3) and subject to Term 12(4), seek to open or close a Transaction at a level that is the same or better than your limit. If we can not do so (i.e. because at the time we seek to execute your Order, our bid/offer price has become less favourable to you), your Limit Order will remain operational, waiting for prices to move again in your favour such that it is triggered.
- (c) A Buffer Limit, which is an instruction to deal up to a certain size and up to a certain level, such level being less favourable to you than our then current quote. Buffer limits are useful when you wish to deal, but are unable to deal in your desired size due to illiquidity in the Underlying Market. When you place a Buffer Limit with us, you acknowledge that such buffer limit allows us to execute your Transaction: at a price worse than our quoted bid/offer price at the time you place the buffer limit; and/or in a size smaller than the size specified in the buffer limit. A Buffer limit, provided it is given within market hours, is triggered as soon as it is accepted by us.

2) You may specify that an Order is to apply:

- (a) until the next close of business for the relevant Underlying Market (a "Day Order"), which, for the avoidance of doubt, will include any overnight trading sessions on the Underlying Market. Please note that for Limit Orders placed on the phone, we will assume that you wish to place a Day Order unless you specify some other duration; or
- (b) until a date and time specified by you (but such an Order may only be an Unattached Order and may only be placed in respect of a daily or quarterly Transaction); or
- (c) for an indefinite period (a "Good Till Cancelled Order" or "GTC Order"), which, for the avoidance of doubt, will include any overnight trading sessions on the Underlying Market.

We may, in our absolute discretion, accept standing Orders that will apply for some other specified duration. We may act on any such Order irrespective of the length of time for which the specified level in relation to that order is reached or exceeded.

3) If your Order is triggered (as set out in Term 12(1) above) we will seek to open/ close the Transaction to which your Order relates. In the case of a Stop Order, we will seek to open/close a Transaction at a level that is the same (but may be worse) than your stop level; and in the case of a Limit Order, we will seek to open/close a Transaction at a level that is the same or better than your limit. You acknowledge and agree that the time and level at which Orders are executed will be determined by us, acting reasonably. In this regard:

- (a) We will seek to execute your Order within a reasonable time of your Order being triggered. Because there may be manual element to our processing of Orders and because it is possible for a single sudden event to trigger a large number of Orders, you acknowledge and agree that what constitutes a "reasonable time" may vary according to the size of your Order, the level of activity in the Underlying Market, and the number of Orders that have been triggered at the time your Order is triggered.
- (b) At the time we are seeking to execute your Order, we will have regard to the price that could be achieved in the Underlying Market for a similar order (including as to size).

4) By using our Orders, you expressly acknowledge and agree that:

- (a) A description of how Orders work are set out in the Product Disclosure Statement which is your responsibility to read and understand in full. It is also your responsibility to understand how an Order operates before you place any such Order with us. You will not place an Order unless you fully understand the terms and conditions attached to such Order. Details about how Orders work are available in the Contract Details or from us on request.

- (b) Whether or not we accept an Order is in our absolute discretion. Not all Orders are available on all Transactions, nor on all Electronic Trading Services.
- (c) When you place and we accept an Order you are trading with us as principal and not dealing on the Underlying Market.
- (d) Except for Stop Orders on Order Book Shares, the triggering of your Order is linked to our bid and offer prices, not the bid and offer prices on the Underlying Market. Our bid and offer prices may differ from the bid and offer prices in the Underlying Market. The effect of such is that your Order may be triggered even though: our bid, or offer as the case may be, moved to or through the level of your Order for only a short period; and (ii) the Underlying Market never traded at the level of your Order.
- (e) Notwithstanding Term 12(1)(a), if you have a Stop Order that relates to an Instrument we reserve the right to trigger your Stop Order based on our bid and offer prices even if the Underlying Market has not traded at your specified Stop Order level.
- (f) For the purposes of determining whether an Order has been triggered, we will be entitled (but not obliged), in our discretion, to disregard any prices quoted by us during any pre-market, post-market or intra-day auction periods in the relevant Underlying Market, during any intra-day or other period of suspension in the relevant Underlying Market, or during any other period that in our reasonable opinion may give rise to short-term price spikes or other distortions.
- (g) Following your Order being triggered, we do not assure that a Transaction will be opened / closed, nor do we assure that if opened/closed it will be done so at your specified stop level or limit.

5) The following sets out when and how Good Till Cancelled (**GTC**) Orders will roll:

- (a) All Attached Orders which are GTC Orders relating to Expiry Transactions on quarterly or monthly markets will, if rolled over the Expiry Transaction into the next contract period, will also be rolled over unless a specific instruction has been received by us prior to the rollover of the Transaction to cancel or amend the Order(s). Please note that when the Attached Order is rolled over it will also be adjusted to reflect the difference (i.e. any premium or discount) between the current level of the Instrument that is the subject of the old Order and the corresponding level of the Instrument that is the subject of the new Order.
- (b) All Unattached Orders that are GTC Orders relating to proposed Expiry Transactions that expire on a quarterly or monthly basis will not roll over but rather will expire at the end of the contract period of the proposed Transaction to which the Unattached Order relates.

6) You may, with our prior consent (and such consent will not be unreasonably withheld), cancel or amend the level of an Order at any time before our quote reaches or goes beyond the relevant level. However, once the level has been reached, you may not cancel or amend the Order unless we expressly agree to permit you to do so.

7) If you place an Attached Order then:

- (a) if, when the Order is executed, it will be capable of closing or partly closing the Transaction to which the Attached Order relates, and you subsequently offer to close that Transaction prior to the level of the Attached Order being reached, we will treat that offer to close as a request to cancel the Attached Order. You acknowledge that it is your responsibility to inform us, when you close a Transaction, whether you wish any related un-triggered Attached Order(s) to remain valid, and that, unless otherwise agreed by us, any un-triggered Attached Order(s) will be cancelled; and
- (b) if the Transaction to which the Attached Order relates is only partially closed by you then the Attached Order will be adjusted to the size of the Transaction that remains open and will remain in full force and effect.

8) If we accept an Order and then an event takes place which means that it is no longer reasonable for us to act on that Order, we will be entitled to disregard your Order and we shall not have any liability to you as a result of such action. Examples include but are not limited to:

- (a) a change in the Applicable Regulations, so that the Order or the Transaction to which the Order relates is no longer in compliance with the Applicable Regulations;
- (b) a stock to which the Order relates becomes un-borrowable so that we are no longer able to hedge our exposure to you;
- (c) for Orders relating to shares, an event takes place in respect of the company whose shares represent all or part of the subject matter

- of the Order, for example, a Corporate Event or the insolvency of the company;
- (d) if we cease to offer the type of Transaction to which your Order relates.

13. Communications

- 1) An offer to open or close a Transaction (including an Order) must be made by you, or on your behalf: orally, by telephone; via our Electronic Trading Service; or in such other manner as we may specify from time to time. If your usual mode of communicating with us is unavailable for any reason, you should attempt to use one of the other modes of acceptable communication set out at the beginning of this paragraph. For example, if you usually open and close Transactions via our Electronic Trading Service, but for some reason our Electronic Trading Service is not in operation, you should contact us via the telephone to open or close Transactions. Written offers to open or close a Transaction, including offers sent by fax, email (including a secure email sent via our Electronic Trading Service) or text message, will not be accepted or be effective for the purposes of this Agreement. Any communication that is not an offer to open or close a Transaction must be made by you, or on your behalf: orally, by telephone or in person; in writing, by email, post, fax; or in such other manner as we may specify from time to time. If sent to us by post or by fax, a communication must be sent to our head office and, if sent to us by email, it must be sent to an email address currently designated by us for that particular purpose. Any such communication will only be deemed to have been received by us upon our actual receipt thereof.
- 2) We will generally not accept an offer to open or close a Transaction received other than in accordance with Term 13(1), but if we choose to do so we will not be responsible for any loss, damage or cost that you suffer or incur arising out of any error, delay or omission in acting on such offer, or failure to act upon such offer.
- 3) If at any time you are unable, for whatever reason, to communicate with us, we do not receive any communication sent by you, or you do not receive any communication sent by us under this Agreement, we will not:
 - (a) be responsible for any loss, damage or cost caused to you by any act, error delay or omission resulting therefrom where such loss, damage or cost is a result of your inability to open a Transaction; and
 - (b) except where your inability to communicate with us results from our fraud, willful default or negligence, be responsible for any loss, damage or cost caused to you by any act, error, omission or delay resulting therefrom including without limitation, where such loss, damage or cost is a result of your inability to close a Transaction.
- 4) You acknowledge and agree that any communication transmitted by you or on your behalf is made at your risk and you authorise us to rely and act on, and treat as fully authorised and binding on you, any communication (whether or not in writing) that we reasonably believe to have been transmitted by you or on your behalf by any agent or intermediary who we reasonably believe to have been duly authorised by you. You acknowledge and agree that we will rely on your account number and/or password to identify you and you agree that you will not disclose these details to any person not duly authorised by you. If you suspect that your account number and/or password has been learnt or may be used by any other person then you must notify us immediately.
- 5) You agree that we may record our telephone conversations with you. Such records will be our sole property and you accept that they will constitute evidence of the communications between us.
- 6) In accordance with the Applicable Regulations, we will provide information about each Transaction that we open or, as the case may be, close for you by providing you with a statement or confirmation. Statements or confirmations will be posted on our Electronic Trading Service and, if so requested by you also emailed or posted to you, on or before the business day following the day on which the Transaction is opened, or as the case may be, closed. If you elect to receive your Statements by post, we reserve the right to levy an administration charge.
- 7) You will be deemed to have acknowledged and agreed with the content of any statement or confirmation that we make available to you unless you notify us to the contrary in writing within two business days of the date on which you are deemed to have received it in accordance with Term 13(10) below.
- 8) Our failure to provide you with a statement or confirmation does not invalidate nor make voidable a Transaction that you and we have agreed and we have confirmed in accordance with Term 4(3), provided however that in the event that you believe you have opened or closed a

Transaction but we have not provided you with a Statement or confirmation in respect of that Transaction, any query in relation to the purported Transaction will not be entertained unless: (i) you notify us that you have not received such Statement or confirmation within two business days of the date on which you ought to have received a Statement for the purported Transaction and (ii) you can provide accurate details of the time and date of the purported Transaction.

- 9) We may communicate with you by telephone, letter, fax, email or text message or by posting a message on our Electronic Trading Service and you consent to us telephoning you at any time whatsoever. We will use the address, fax number, text number, or email address specified on your account opening form or such other address or number as you may subsequently notify to us. Unless you expressly specify otherwise, you agree that we may send the following notices to you by email and/or by posting them on the Electronic Trading Service:
 - (a) Statements or confirmation;
 - (b) notice of an amendment to the way in which we provide our service to you, for example changes in the features of our Transactions, changes to the Electronic Trading Service and changes to the Margin rates that apply to our Transactions;
 - (c) notice of an amendment to the Terms of this Agreement given in accordance with Term 27(1), (each a "Message").

We will not send you a paper copy of a Message sent to you by email or posted to our Electronic Trading Service. Sending a Message to you by email or by posting it to our Electronic Trading Service in a durable medium fully complies with all our obligations under the Agreement and the Applicable Regulations.

- 10) Any correspondence, documents, written notices, confirmations, Messages or Statements will be deemed to have been properly given:
 - (a) if sent by post to the address last notified by you to us, on the next business day after being deposited in the post;
 - (b) if delivered to the address last notified by you to us, immediately on being deposited at such address;
 - (c) if sent by fax or text message, as soon as we have transmitted it to any of the fax or mobile telephone numbers last notified by you to us;
 - (d) if sent by email, one hour after we have transmitted it to the email address last notified by you to us; and
 - (e) if posted on our Electronic Trading Service, as soon as it has been posted.
- 11) It is your responsibility to ensure, at all times, that we have been notified of your current and correct address and contact details. Any change to your address or contact details must be notified to us immediately in writing, unless we agree to another form of communication.
- 12) It is your responsibility to make sure that you read all notices posted on our website and on our Electronic Trading Service from time to time in a timely manner.
- 13) Although email, the internet, Electronic Trading Services and other forms of electronic communication are often a reliable way to communicate, no electronic communication is entirely reliable or always available. You acknowledge and accept that a failure or delay by you to receive any communication from us sent by email, text message or otherwise whether due to mechanical, software, computer, telecommunications or other electronic systems failure, does not in any way invalidate or otherwise prejudice that communication or any transaction to which it relates. We will not be liable to you for any loss or damage, howsoever caused, arising directly or indirectly out of a failure or delay by you or us to receive an email or other electronic communication. Further, you understand and accept that emails, text messages and other electronic communications we send to you may not be encrypted and therefore may not be secure.
- 14) You acknowledge the inherent risk that communications by electronic means may not reach their intended destination or may do so later than intended for reasons outside our control. You accept this risk and agree that a failure or delay by us to receive any offer or communication from you sent electronically, whether due to mechanical, software, computer, telecommunications or other electronic systems failure, does not in any way invalidate or otherwise prejudice that offer or communication or any Transaction to which it relates. If, for any reason, we are unable to accept your offer electronically, we may, without obligation, provide you with further information advising you that your offer can be made by telephone as an alternative and we may endeavour to inform you of this.
- 15) In the event that you are granted access to our mobile dealing platform, then all use of such service will be subject both to this Agreement and to

supplemental mobile dealing terms posted on our website and amended from time to time.

14. Margin

- 1) Upon opening a Transaction you will be required to pay us the Margin for that Transaction, as calculated by us ("Initial Margin"). Note that the Initial Margin for certain Transactions (for example, Share CFDs) will be based on a percentage of the Contract Value of the Transaction and therefore, the Initial Margin due for such Transactions will fluctuate in accordance with the Contract Value. Initial Margin is due and payable to us immediately upon opening the Transaction (and for Transactions that have a fluctuating Initial Margin based on a percentage of the Contract Value, immediately on opening the Transaction and thereafter immediately on any increase in Contract Value taking place) unless:
 - (a) we have expressly told you that you have an account type that allows for longer payment periods for Margin, in which case you must pay Margin in accordance with the payment periods that we have advised to you;
 - (b) we have expressly agreed to reduce or waive all or part of the Margin that we would otherwise require you to pay us in respect of a Transaction. The period of such waiver or reduction may be temporary or may be in place until further notified. Any such waiver or reduction must be agreed in writing (including by email) by either a Director of ours or a member of our credit department in order to be effective. Any such agreement does not limit, fetter or restrict our rights to seek further Margin from you in respect of the Transaction at any time thereafter; or
 - (c) we agree otherwise (any such agreement must be made in writing (including by email) by either a Director of us or a member of our credit department in order to be effective), in which case you will be required to comply with such terms as are stated in such written agreement.
- 2) You also have a continuing Margin obligation to us to ensure that at all times during which you have open Transactions you ensure that your account balance, taking into account all realised or unrealised profits and losses ("P&L"), is equal to at least the Initial Margin that we require you to have paid to us for all of your open Transactions. If there is any shortfall between your account balance (taking into account P&L) and your total Initial Margin requirement, you will be required to deposit additional funds into your account. These funds will be due and payable to us immediately on your account balance (taking into account P&L) falling below your Initial Margin requirement unless:
 - (a) we have expressly told you that you have an account type that allows for longer payment periods for Margin, in which case you must pay Margin in accordance with the payment periods that we have advised to you;
 - (b) we have expressly agreed to reduce or waive all or part of the Margin that we would otherwise require you to pay us in respect of your Transaction(s). The period of such waiver or reduction may be temporary or may be in place until further notified. Any such waiver or reduction must be agreed in writing (including by email) by either a Director of us or a member of our credit department in order to be effective. Any such agreement does not limit, fetter or restrict our rights to seek further Margin from you in respect of the Transaction at any time thereafter; or
 - (c) we agree otherwise (any such agreement must be made in writing (including by email) by either a Director of us or a member of our credit department in order to be effective), in which case you will be required to comply with such terms as are stated in the written agreement;
 - (d) we have expressly extended you a credit limit, and you have sufficient credit to cover your Margin requirements. Importantly however, if at any time your credit facility is not sufficient to cover the Margin requirement on your open Transactions, you must immediately place additional funds on your Account in order to fully cover the Margin required.
- 3) Details of Margin amounts paid and owing by you are available by logging on to our Electronic Trading Services or by telephoning our staff. You acknowledge: (a) that it is your responsibility to be aware of, and further that you agree to pay, the Margin required at all times for all Transactions that you open with us; (b) that your obligation to pay Margin will exist whether or not we contact you regarding an outstanding Margin obligation; and (c) that your failure to pay any Margin required in relation to your Transactions will be regarded as an Event of Default for the purposes of Term 16.
- 4) Margin payments must be made in the form of cleared funds (in our bank account) unless, by separate written agreement, we accept other assets from you as collateral for payment of Margin. In the event that any applicable debit card authority or other paying agent declines to transfer funds to us for any reason whatsoever then we may, at our

absolute discretion, treat any Transaction entered into by us in reliance on receipt of those funds as void from the outset or close it at our then prevailing price, and recover any losses arising from the avoidance or closure of the Transaction from you. We may reserve the right to stipulate the method of payment to be used by you for the payment of Margin.

- 5) In making any calculation of the Margin payments that we require from you under this Term 14, we may, at our absolute discretion, have regard to your overall position with us and/or an Associated Company of ours including any of your net unrealised losses (i.e. losses on open positions). We will also have regard to the rules of any Underlying Market that requires payments of Margin to be made in respect of any Transaction or any Instrument underlying any Transaction.
 - 6) We are not under any obligation to keep you informed of your account balance and Margin required (i.e. to make a "Margin Call") however if we do so the Margin Call may be made by telephone call, post, fax, email or text message. The Margin Call will be deemed to have been made as soon as you are deemed to have received such notice in accordance with Term 13(10). We will also be deemed to have made a demand on you if: (a) we have left a message requesting you to contact us and you have not done so within a reasonable time after we have left such a message; or (b) if we are unable to leave such a message and have used reasonable endeavours to attempt to contact you by telephone (at the telephone number last notified to us by you) but have been unable to contact you at such number. Any message that we leave for you requesting you to contact us should be regarded by you as extremely urgent unless we specify to the contrary when we leave the message. You acknowledge and accept that what constitutes a reasonable time in the context of this Term may be influenced by the state of the Underlying Market and that, according to the circumstances, that could be a matter of minutes or even immediately. It is your responsibility to notify us immediately of any change in your contact details and to provide us with alternative contact details and ensure that our calls for Margin will be met if you will be uncontactable at the contact address or telephone number notified to us (for example because you are travelling or are on holiday, or you are prevented from being in contact because of a religious holiday). We will not be liable for any losses, costs, expenses or damages incurred or suffered by you as a consequence of your failure to do so.
 - 7) We will be entitled, at any time, to increase or decrease the Margin required from you on open Transactions. You agree that, regardless of the normal way in which you and we communicate, we will be entitled to notify you of a change to Margin levels by any of the following means: telephone, post, fax, email, text message or by posting notice of the increase on our website. Any increase in Margin levels will be due and payable immediately on our demand, including our deemed demand in accordance with Term 14(6). We will only increase Margin requirements where we reasonably consider it necessary, for example but without limitation, in response to or in anticipation of any of the following:
 - (a) a change in the volatility and/or liquidity in the Underlying Market or in the financial markets more generally;
 - (b) economic news;
 - (c) a company whose Instruments represent all or part of your Transaction becoming insolvent, being suspended from trading or undertaking a Corporate Event;
 - (d) you changing your dealing pattern with us and/or an Associated Company of ours;
 - (e) your credit circumstances changing;
 - (f) your exposure to us and/or to an Associated Company of ours being concentrated in a particular Underlying Market or sector.
- #### 15. Payment and set-off
- 1) All payments to be made under this Agreement, other than payments of any Limited Risk Account premium which are due and payable in accordance with Terms 14 and 13 respectively, are due immediately on our oral or written demand. Once demanded, such payments must be paid by you, and must be received in full by us (in cleared funds) for value, by (a) where the demand is made before 12 noon on any day, not later than 12.00 noon on the Business Day following the day on which our demand is made; or (b) where the demand is made after 12.00 noon on any day, not later than 3.00 pm on the Business Day following the day on which our demand is made.
 - 2) You must comply with the following when making payments to us:
 - (a) Payments due (including Margin payments) will, unless otherwise agreed or specified by us, be required in pounds, Euros, US dollars, Australian dollars, Singapore dollars, New Zealand dollars and Japanese yen.
 - (b) You may make any payment due to us (including any payment for Margin) by direct debit, direct bank transfer for value within 24

hours (e.g. by BPAY® payment) or by card (for example credit card or debit card). Note that we reserve the right to levy a reasonable administration charge for processing your payments.

- (c) In our discretion, we may accept payments from you made by cheque, subject to any terms we advise to you at the time we notify you of our acceptance. Cheques should be crossed and made payable to International Capital Markets Pty Ltd or such other payee as we may notify you of and your account number should be marked clearly on the reverse. We reserve the right to levy a reasonable administration charge where we allow you to pay by cheque.
 - (d) In determining whether to accept payments from you under this Term, we will have utmost regard to our duties under law regarding the prevention of fraud and money laundering. To this end, we may in our absolute discretion having regard to the law, reject payments from you or a third party and return funds to source. In particular, we will not accept payments from a bank account if it is not evident to us that the bank account is in your name.
- 3) You should be aware of the following when you open a Transaction or deposit money into your account in a Currency other than your Base Currency:
- (a) It is your responsibility to make yourself aware of the Currency that is designated as your Base Currency. Details of your Base Currency are available on our Electronic Trading Service or by phoning us.
 - (b) Some Transactions will result in a profit or loss being accrued in a Currency other than your Base Currency. The Contract Details specify the Currencies in which various Transactions are denominated, or alternatively such information is available from our dealers on request.
 - (c) From time to time (for example in your Statements or confirmations), we may provide information to you which presents your multicurrency balances in the equivalent value of your Base Currency, using the rates prevailing at the time the information is produced. However you should note that the balances have not been physically converted and that the presentation of the information in your Base Currency is for information only.
 - (d) If you already have an Account open as at the date of this Agreement, we will continue to convert all non-Base Currency balances standing on your Account to your Base Currency on the same basis and with the same frequency as we have done in the past.
 - (e) If you open your Account after the date of this Agreement, your account will, by default, be set to immediate conversion. This means that, following a non-Base Currency Transaction being closed, rolled over or expiring, the profits or losses from that Transaction will be automatically converted to your Base Currency and posted to your account in that Base Currency. We will also by default automatically convert any non-Base Currency adjustments or charges (for example funding charges or dividend adjustments) to your Base Currency, before such adjustments/charges are booked on your account and we will automatically convert any money received from you in a non-Base Currency into your Base Currency.
 - (f) We may agree that instead of automatically converting non-Base Currency amounts before we post them to your Account (as set out in Term 15(3)(e) above), such amounts will be posted on your account in the relevant non-Base Currency and we will conduct recurring balance sweeps (for example on a daily, weekly or monthly basis) that will convert all non-Base Currency balances standing on your account to your Base Currency. Depending on your account type, some of these sweep frequencies might not be available to you.
 - (g) If you have an account type that allows you to do so (and subject to our agreement), you may elect to opt out of both immediate conversion (as set out in Term 15(3)(e)) and recurring balance sweeps (as set out in Term 15(3)(f)). When we consider it reasonably necessary, or when requested by you, we may convert balances (including negative balances) and/or money standing to your credit in a non-Base Currency into your Base Currency.
 - (h) All conversions made in accordance with this Agreement will be made at an exchange rate not more than +/-0.5% of the prevailing market rate at the time of the conversion.
 - (i) Where you maintain Transactions in a Currency other than your Base Currency and/or where you elect to opt out of immediate conversion under 15(3)(f) or 15(3)(g) as applicable, you are exposing yourself to cross-currency risk. You acknowledge and agree that it is your responsibility to manage this risk and we are not liable for any losses that you suffer as a result.
 - (j) Regardless of when you open your Account (i.e. whether you do so before or after the date of this Agreement), we reserve the right to change the way in which we manage and/or convert your

non-Base Currency balances at any time in the future by providing you with 10 days' prior notice. By way of example only, we may notify you that all non-Base Currency amounts on your account will be immediately converted as set out in Term 15(3)(e), or we may notify you that the frequency for your recurring balance sweep is changing to become more or less frequent.

- 4) We will be under no obligation to remit any money to you if that would reduce your account balance (taking into account running profits and losses) to less than the Margin payments required on your open Transactions. Subject thereto and to Term 14(5), money standing to the credit of your account will be remitted to you if requested by you. Where you do not make such a request, we will be under no obligation to, but may, at our absolute discretion, remit such monies to you. All bank charges howsoever arising will, unless otherwise agreed, be for your account. The manner in which we remit monies to you will be at our absolute discretion, having utmost regard to our duties under law regarding the prevention of fraud and money laundering. We will normally remit money in the same method and to the same place from which it was received. However, in exceptional circumstances we may, at our absolute discretion, consider a suitable alternative.
- 5) Amounts due and payable as between you and us at the same time in the same Currency, (including after we have converted an amount owing by one of us to the other from one Currency into another Currency as permitted by this Agreement) will be set off and netted in accordance with Schedule A so that only the net Amount derived from that set-off is the only amount due and payable as between you and us.
- 6) Without prejudice to our right to require payment from you in accordance with Terms 15(1) and (2), we will at any time have the right to set off any losses incurred in respect of, or any debit balances in, any Accounts (including a joint account and an account held with an Associated Company of ours) in which you may have an interest against any sums or other assets held by us for or to your credit on any other Account (including any joint account and any account held with an Associated Company of ours) in which you may have an interest. If any loss or debit balance exceeds all amounts so held, you must forthwith pay such excess to us whether demanded or not. You also authorise us to set off sums held by us for or to your credit in a joint account against losses incurred by the joint account holder. You also authorise us to set off any losses incurred in respect of, or any debit balances in, any account held by you with an Associated Company of ours against any credit on your Account(s) (including a joint account) with us.
- 7) You must pay interest to us on any sums due in respect of any Transaction and any other general account fees (for example, market data fees) that you fail to pay on the relevant due date. Interest will accrue on a daily basis from the due date until the date on which payment is received in full, at a rate not exceeding 4% above our applicable reference rate from time to time (details available on request) and will be payable on demand.
- 8) Our failure on one or more occasions to enforce or exercise our right to insist on timely payment (including our right to insist on immediate payment of Margin) will not amount to a waiver or bar to enforcement of that right.

16. Default and default remedies

- 1) Each of the following constitutes an "Event of Default":
 - (i) your failure to make any payment (including any payment of Margin) to us or to any Associated Company of ours in accordance with the conditions set out in Terms 14 and 15;
 - (ii) your failure to perform any obligation due to us;
 - (iii) where any Transaction or combination of Transactions or any realised or unrealised losses on any Transactions or combination of Transactions opened by you results in your exceeding any credit or other limit placed on your dealings;
 - (iv) if you are an individual, your death or your incapacity;
 - (v) the initiation by a third party of proceedings for your bankruptcy (if you are an individual) or for your winding-up or for the appointment of an administrator or receiver in respect of you or any of your assets (if you are a company) or (in both cases) if you make an arrangement or composition with your creditors or any other similar or analogous procedure is commenced in respect of you;
 - (vi) where any representation or warranty made by you in this Agreement, including but not limited to the representations and warranties in Terms 19 and 20, is or becomes untrue;
 - (vii) you are or become unable to pay your debts as and when they fall due; or
 - (viii) any other circumstance where we reasonably believe that it is necessary or desirable to take any action in accordance with Term 16(2) to protect ourselves or all or any of our other clients.

- 2) If an Event of Default occurs in relation to your Account(s) with us or in relation to any account(s) held by you with an Associated Company of ours, we may, at our absolute discretion, at any time and without prior notice:
 - (a) close or part-close all or any of your Transactions at a Closing Level based on the then prevailing quotations or prices in the relevant markets or, if none, at such levels as we consider fair and reasonable and/or delete or place any Order on your Account with the aim of reducing your exposure and the level of Margin or other amounts owed by you to us;
 - (b) convert any Currency balances on your Account into another Currency;
 - (c) exercise rights of set-off under Term 15(5) and 15(6), retain any funds, investments (including any interest or other payment payable thereon) or other assets due to you, and sell them without notice to you at such price and in such manner as we, acting reasonably, decide, applying the proceeds of sale and discharging the costs of sale and the sums secured under this Term;
 - (d) charge you interest on any amount due, from close of business on the date when the amount first fell due until the date of actual payment at a rate not exceeding 4% above the applicable reference rate from time to time (see Term 15(7));
 - (e) if you have failed to make a payment when due, inform your partner, employer, any professional, regulatory or other organisation with which you are associated or any person who we believe to have an interest in knowing such facts of the amount of such overdue sum, the circumstances thereof, the fact that you have failed to make payment, and any other relevant facts or information. By entering into this Agreement you expressly consent to any disclosure of this data by us in the circumstances set out herein;
 - (f) close all or any of your accounts held with us of whatever nature and refuse to enter into further Transactions with you.
 - 3) If we take any action under Term 16(2), unless at our absolute discretion we consider it necessary or desirable to do so without prior notice by you, we will, where reasonably possible, take steps to advise you before exercising such rights. However, any failure on our part to take such steps will not invalidate the action taken by us under Term 16(2).
 - 4) In the event of your failing to meet a demand for Margin or your being in excess of any credit or other limit placed on your Account, we may at our discretion allow you to continue to trade with us, or allow your open Transactions to remain open, but this will depend on our assessment of your financial circumstances.
 - 5) You acknowledge that, if we agree to allow you to continue to trade or to allow your open Transactions to remain open under Term 16(4), this may result in your incurring further losses.
 - 6) You acknowledge and agree that, in closing out Transactions under this Term 16, we may partly and progressively close out your positions over a period of time, and in amounts and prices, which we determine in our discretion. This may have the result that your Transaction is closed out in tranches at different bid prices (in the case of Sells) or offer prices (in the case of Buys), resulting in an aggregate closing level for your Transaction that results in further losses being incurred on your Account. You acknowledge and agree that we shall not have any liability to you as a result of any such working of your Transactions.
- 4) We retain all additional interest earned on client money held in trust accounts with a bank, or other approved deposit-taking institution. Additional interest refers to interest earned after clients have received their interest entitlement. The rate of interest earned on the money in these accounts is determined by the provider of the deposit facility.
 - 5) Under the Corporations Act (and its related regulations), any interest or other earnings on:
 - client money which we have withdrawn from a trust account and invested; and
 - the proceeds of realising such an investment,
 must be dealt with in accordance with International Capital Markets Pty Ltd client moneys policy and the Client's written agreement. By submitting an application form and becoming a client of International Capital Markets Pty Ltd, under the terms of this Agreement the client and International Capital Markets Pty Ltd are taken to have entered into a written agreement with us to permit us to retain such interest or other earnings for our own benefit.
 - 6) Clients' money is pooled together within a trust account and so an individual client's balance may not be protected if there is a default by another client which causes a loss to the overall trust account. Under the Corporations Act and the Corporations Regulations, we may pay money out of a trust account in the following circumstances:
 - to make a payment to, or in accordance with the written directions of, a person entitled to the money;
 - to pay brokerage and other charges properly incurred by us;
 - to pay to ourselves money to which we are entitled;
 - to meet obligations incurred by us in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in CFDs by us, including dealings on behalf of our other Clients; and
 - to pay interest or finance charges due to us.
 - 7) Under the Corporations Regulations, when a client has directed us in writing to do so, we may pay the client's money out of a trust account for such purposes and in such manner as the Client and International Capital Markets Pty Ltd agree. Under the terms of this Agreement, the client is taken, for the purposes of the Corporations Regulation, to provide a written direction and authorisation to us to withdraw the client's money from a trust account and use it as collateral for the purpose of fulfilling our obligations to our counterparties under our hedging arrangements. This occurs where, for our own benefit, we enter into hedging arrangements with market counterparties to protect us from any losses we may incur under the CFD positions we have entered into with Clients. This means that the Client's money will no longer be held in a trust account, may be deposited in an account with one of our market counterparties and may be at risk of being partly or wholly lost in the event of a counterparty default under our hedging arrangements. By submitting an application form to us and becoming a client of ours, the client acknowledges and agrees that under this Agreement all amounts the client deposits with us may be used as described above by us for hedging client positions.
 - 8) The Client acknowledges that it has no interest in or claim over our contracts (if any) with any other person or in the accounts into which we lodge or pay the funds which were withdrawn from a trust account. The client acknowledges that the balance of the client's money may not be protected if there is a default in the dealings with counterparties or in the overall trust account balance.
 - 9) Unless otherwise agreed in writing with a Client, upon realising an investment of client money, the initial capital invested must either be invested in another investment permitted by the Corporations Act and Corporations Regulations or deposited by us into a trust account operated in accordance with the Corporations Act and Corporations Regulations. If the amount received upon realising an investment of client moneys is less than the initial capital invested, we must pay an amount equal to the difference into a trust account for the benefit of the Client, except where any such difference is the result of amounts paid out of the investment to us and/or any associate of ours in accordance with the terms and conditions.

17. Client money

- 1) Any money received from you will be paid and held by us on trust in a separate trust account established, maintained and operated in accordance with the Governing Legislation. We will not be liable for the solvency, act or omissions of any bank holding money under this Term 17(1). This money does not constitute a loan to us.
- 2) In the event that there has been no movement on your Account after the date you become entitled to a transfer of your money held in such Account (notwithstanding any payments or receipts of interest or similar items) and we are unable to trace you despite having taken reasonable steps to do so, such money shall be treated by us as unclaimed money and dealt with in accordance with the provisions of the Relevant unclaimed moneys legislation.
- 3) You acknowledge that we will be under no obligation to pay interest on balances on your Account (and any fees we may take from such interest) and that you are therefore waiving and foregoing any entitlement to interest (and fees if any) under the Governing Legislation or otherwise. You acknowledge that we will not pay you any interest on your Account and that any interest will accrue to us and (insofar as you are able and/or required to do so) you assign and convey to us the beneficial entitlement to such interest.

18. Indemnity and liability

- 1) Subject always to Term 1(3), you will indemnify us, and keep us indemnified on demand, in respect of all liabilities, losses or costs of any kind or nature whatsoever that may be incurred by us as a direct or indirect result of any failure by you to perform any of your obligations under this Agreement, in relation to any Transaction or in relation to any false information or declaration made either to us or to any third party, in particular to any Exchange. You acknowledge that this indemnity extends to our legal and administrative costs and expenses incurred in

respect of preparing for and taking any legal or investigatory action against you, or instructing any debt collection agency, to recover monies owed by you to us.

- 2) To the extent permitted by law, you will indemnify, protect and hold us harmless from and against all losses, liabilities, judgements, suits, actions, proceedings, claims, damages and/or costs resulting from or arising out of any act or omission by any person obtaining access to your account by using your designated account number and/or password, whether or not you authorised such access.
- 3) Without prejudice to any other Terms of this Agreement, we will have no liability to you in relation to any loss that you suffer as a result of any delay or defect in or failure of the whole or any part of our Electronic Trading Services' software or any systems or network links or any other means of communication. We will have no liability to you, whether in contract or in tort (including negligence) in the event that any computer viruses, worms, software bombs or similar items are introduced into your computer hardware or software via our Electronic Trading Services, provided that we have taken reasonable steps to prevent any such introduction.
- 4) Unless we are prohibited from excluding such liability by law (for example, for losses relating to death or personal injury or caused by our fraud), we will not be liable for any direct, indirect, special, incidental, punitive or consequential damages (including, without limitation, loss of business, loss of profits, failure to avoid a loss, loss of data, loss or corruption of data, loss of goodwill or reputation) caused by any act or omission of ours under this Agreement.
- 5) If and to the extent that we are found liable for any losses or damages in relation to a Transaction then, unless we are prohibited from limiting such liability by law, the maximum amount of our liability will be limited to four times the amount of Commission or Spread paid or payable by you in respect of that Transaction.

19. Representations and warranties

- 1) You represent and warrant to us, and agree that each such representation and warranty is deemed repeated each time you open or close a Transaction by reference to the circumstances prevailing at such time, that:
 - (a) the information provided to us in your application form and at any time thereafter is true and accurate in all respects;
 - (b) you are duly authorised to execute and deliver this Agreement, to open each Transaction and to perform your obligations hereunder and there under and have taken all necessary action to authorise such execution, delivery and performance;
 - (c) you will enter into this Agreement and open each Transaction as principal;
 - (d) any person representing you in opening or closing a Transaction will have been, and (if you are a company) the person entering into this Agreement on your behalf is, duly authorised to do so on your behalf;
 - (e) you have obtained all governmental or other authorisations and consents required by you in connection with this Agreement and in connection with opening or closing Transactions and such authorisations and consents are in full force and effect and all of their conditions have been and will be complied with;
 - (f) execution, delivery and performance of this Agreement and each Transaction will not violate any law, ordinance, charter, by-law or rule applicable to you, the jurisdiction in which you are resident, or any agreement by which you are bound or by which any of your assets are affected;
 - (g) other than in exceptional circumstances, you will not send funds to your Account(s) with us from, or request that funds be sent from your Account(s) to, a bank account other than that identified in your account opening form or as otherwise agreed by us. Whether exceptional circumstances exist will be determined by us from time to time;
 - (h) if you are an employee or contractor of a financial services firm or any other firm that has controls over the financial transactions in which its employees and contractors deal, you will give us proper notice of this and of any restrictions that apply to your dealing;
 - (i) you will not to use our bid and offer prices for any purpose other than for your own trading purposes, and you agree not to redistribute our bid and offer prices to any other person whether such redistribution be for commercial or other purposes; and
 - (j) you will use the services offered by us pursuant to this Agreement in good faith and, to this end, you will not use any electronic device, software, algorithm, or any trading strategy ("Device") that aims to manipulate or take unfair advantage of the way in which we construct, provide or convey our bid or offer prices. You agree that using a Device in your dealings with us you are not subject to

any downside market risk will be evidence that you are taking unfair advantage of us.

- 2) This Agreement contains the entire understanding between the parties in relation to the services we offer (including issuance of financial products).
- 3) In the absence of our fraud, wilful default or negligence, we give no warranty regarding the performance of our website(s), our Electronic Trading Services or other software or their suitability for any equipment used by you for any particular purpose.
- 4) Except for all non-excludable terms implied by the Governing Legislation, all implied terms (including but not limited) to fitness for purpose, or which are capable of being excluded by agreement are excluded from this Agreement.
- 5) Any breach by you of a warranty given under this Agreement, including but not limited to the warranties given in Terms 19(1), 20 and 8(1), renders any Transaction voidable from the outset or capable of being closed by us at our then prevailing prices, in our discretion.

20. Market abuse

- 1) We may hedge all or some of our liability to you by opening positions with counterparties or in the Underlying Market. The result of our doing this is that when you open or close a Transaction relating to a share or other Instrument with us, your Transactions can, through our hedging, exert a distorting influence on the Underlying Market for that Instrument, in addition to the impact that it may have on our own prices. This creates a possibility of market abuse and the function of this Term is to prevent such abuse.
- 2) You undertake, that:
 - (a) you will not open and have not opened a Transaction or Transactions with us relating to a particular share price if to do so would result in you, or others with whom you are acting in concert together, having an exposure to the price that is equal to or exceeds the amount of a declarable interest in the relevant company. For this purpose the level of a declarable interest will be the prevailing level at the material time, set by law or by the Governing Legislation or by the Exchange(s) on which the underlying share is listed;
 - (b) you will not open and have not opened a Transaction with us in connection with:
 - (i) a placing, issue, distribution or other analogous event; or
 - (ii) an offer, take-over, merger or other analogous event, in which you are involved or otherwise interested; and
 - (c) you will not open and have not opened a Transaction that contravenes the Governing Legislation or any other law against insider dealing or market manipulation.
- 3) In the event that (a) you open any Transaction in breach of the undertaking given in Term 20(2) above, or (b) we have reasonable grounds for suspecting that you have done so, we may, in our absolute discretion and without being under any obligation to inform you of our reason for doing so, close that Transaction and any other Transactions that you may have open at the time and also, in our absolute discretion:
 - (a) enforce the Transaction or Transactions against you if it is a Transaction or Transactions under which you have incurred a loss; or
 - (b) treat all your Transactions closed under this clause as void if they are Transactions under which you have secured a profit, unless and until you produce conclusive evidence that you have not, in fact, committed the breach of undertaking, warranty and/or misrepresentation the suspicion of which was the ground for closing your Transaction(s). For the avoidance of doubt, if you do not produce such evidence within the period of six months from the date on which such Transaction was opened, all such Transactions will be finally null and void as between you and us.
- 4) You acknowledge that the Transactions in which you deal with us are speculative instruments and you agree that you will not open any Transactions with us in connection with any corporate finance style activity.
- 5) You acknowledge that it would be improper for you to deal in the Underlying Market if the sole purpose of such a transaction was to impact on our bid or offer prices, and you agree not to conduct any such transactions.

21. Credit

- 1) If you apply to, and are approved by, us for credit, the credit facility will be provided on the following terms:
 - (a) Following your receipt of notification from us that your application for credit has been approved, you must contact us to activate the credit facility.
 - (b) The credit facility is to be used solely for the purposes of entering Transactions with us. The credit facility can be applied to meet a demand for Initial Margin, Margin to cover losses on your open positions, subject to the level of your unused credit. The credit facility cannot be applied towards realised losses from Transactions, which for the avoidance of doubt will be payable in accordance with Term 7(11).
 - (c) The credit limit is AUD\$100 or other such higher amount as we notify you in writing from time to time.
 - (d) We may reduce your credit limit, alter any conditions on your credit facility or, more generally, change our credit arrangements with you at any time by written notice (which may be given by letter, fax, post, email or by posting a notice accessible only to you on the Electronic Trading Services).
 - (e) The credit facility is available to be drawn down for a period of thirty (30) days from the date on which your account is opened, or such longer period as we agree and at the expiration of such period (in the event of no draw down within that period) the offer of credit shall be deemed to have been withdrawn by us. Any credit drawn down pursuant to the facility shall become a debt due and payable and shall be repayable in full within 60 days of draw down (or such other period as may be specified from time to time under section 7(1) of the Uniform Credit Code) and accordingly no Consumer Credit Code of any State or Territory or any Uniform Consumer Credit law will apply.
 - (f) You acknowledge that when you deal with us on credit, neither any limit set on your account nor any amount of margin you have paid puts any limit on your potential losses in respect of a Transaction. You also acknowledge that the credit limit and your indebtedness to us under the credit facility is not a limit as to your potential financial liability to us.

22. Force Majeure Events

- 1) We may, in our reasonable opinion, determine that an emergency or an exceptional market condition exists (a "Force Majeure Event"), in which case we will, in due course, take reasonable steps to inform you. A Force Majeure Event will include, but is not limited to, the following:
 - (a) any act, event or occurrence (including without limitation any strike, riot or civil commotion, act of terrorism, war, industrial action, acts and regulations of any governmental or supra national bodies or authorities) that, in our opinion, prevents us from maintaining an orderly market in one or more of the Instruments in respect of which we ordinarily deal in Transactions;
 - (b) the suspension or closure of any market or the abandonment or failure of any event on which we base, or to which we in any way relate, our quote, or the imposition of limits or special or unusual terms on the trading in any such market or on any such event;
 - (c) the occurrence of an excessive movement in the level of any Transaction and/or the Underlying Market or our anticipation (acting reasonably) of the occurrence of such a movement;
 - (d) any breakdown or failure of transmission, communication or computer facilities, interruption of power supply, or electronic or communications equipment failure beyond our control;
 - (e) failure of any relevant supplier, intermediate broker, agent or principal of ours, custodian, sub-custodian, dealer, exchange, clearing house or regulatory or self-regulatory organisation, for any reason, to perform its obligations.
- 2) If we determine that a Force Majeure Event exists, we may, at our absolute discretion, without notice and at any time, take one or more of the following steps:
 - (a) increase your Margin requirements;
 - (b) close all or any of your open Transactions at such Closing Level as we reasonably believe to be appropriate;
 - (c) suspend or modify the application of all or any of the Terms of this Agreement to the extent that the Force Majeure Event makes it impossible or impracticable for us to comply with the Term or Terms in question; or
 - (d) alter the Last Dealing Time for a particular Transaction.

23. Corporate Events, takeovers, voting rights, interest and dividends

Corporate Events

- 1) If any Instrument becomes subject to possible adjustment as the result of any of the events set out in Term 23(2) below (a "Corporate Event"), we will determine the appropriate adjustment, if any, to be made to the

size and/or value and/or number of the related Transaction(s) (and/or to the level of any Order) to account for the diluting or concentrating effect necessary to preserve the economic equivalent of the rights and obligations of the parties in relation to that Transaction immediately prior to that Corporate Event and/or replicate the effect of the Corporate Event on someone with an interest in the relevant underlying Instrument, to be effective from the date determined by us and which may, for the avoidance of doubt, be retrospective.

- 2) The events to which Term 23(1) refers are the declaration by the issuer of an Instrument (or, if the Instrument is itself a derivative, the issuer of the security underlying that Instrument) of the terms of any of the following:
 - (a) a subdivision, consolidation or reclassification of shares, a share buy-back or cancellation, or a free distribution of shares to existing shareholders by way of a bonus, capitalisation or similar issue;
 - (b) a distribution to existing holders of the underlying shares of additional shares, other share capital or securities granting the right to payment of dividends and/or proceeds of liquidation of the issuer equally proportionately with such payments to holders of the underlying shares, or securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe or receive shares, in any case for payment (in cash or otherwise) at less than the prevailing market price per share as determined by us;
 - (c) the voiding of an Instrument that trades, or has traded, on a when-issued basis, in which case any Transaction(s) that relates to that Instrument will also be void;
 - (d) any other event in respect of the shares analogous to any of the above events or otherwise having a diluting or concentrating effect on the market value of the shares, whether temporary or otherwise; or
 - (e) any event analogous to any of the foregoing events or otherwise having a diluting or concentrating effect on the market value of any Instrument not based on shares, whether temporary or otherwise.
- 3) Any adjustment to the size and/or value and/or number of any Transaction(s) (and/or to the level of any Order) will be determined reasonably and will be conclusive and binding on you. If you have a Buy (i.e. a long Transaction) that is affected by a Corporate Event, we will, should you give us notice of the same, in the form and with any period indicated by us, give consideration to your views about the action or adjustment to be made as a result of the Corporate Event. If you hold a Sell (i.e. a short Transaction) then we will take whatever action is decided by us, acting reasonably. We will inform you of any adjustment or amendment under this Term as soon as reasonably practicable.

Takeovers

- 4) If at any time a takeover offer is made in respect of a company, and you have a Transaction that relates to the securities of that company, then:
 - (a) we will use reasonable endeavours to notify you of the takeover offer;
 - (b) we will apply the terms of the takeover offer to your Transaction, as if you were a holder of the securities in question;
 - (c) we may offer you the opportunity to assent to the takeover offer (as it applies to your Transaction), or we may elect to assent on your behalf where we reasonably believe it is in your best interests to do so. If you elect to assent, or we assent on your behalf, your Transaction will be Suspended and become untradeable until the closing date of the takeover offer at which point your Transaction will be closed in accordance with the terms of the takeover offer. You agree that we will be entitled to cancel or adjust the size and/or value and/ or number of any Transaction(s) (and/or the level of any Order) to reflect the takeover offer, and that any such cancellation or amendment will be conclusive and binding upon you;
 - (d) If you do not assent, and we do not assent on your behalf, but the takeover goes ahead nonetheless (for example, if drag-along rights apply), you agree that we will be entitled to cancel or adjust the size and/or value and/or number of any Transaction(s) (and/or the level of any Order) to reflect the takeover offer, and that any such cancellation or amendment will be conclusive and binding upon you; and
 - (e) at any time prior to the closing date of the takeover offer we may give notice to you of our intention to close a Transaction in respect of that company's securities. The date of such notice will be the closing date of the Transaction and the Closing Level will be determined by us, based on our reasonable assessment of the market value of the Instrument at the relevant time.

Voting Rights

- 5) You acknowledge that we will not transfer voting rights relating to an underlying share or other Instrument to you, or otherwise allow you to influence the exercise of voting rights held by us or by an agent on our behalf.

Interest

- 6) We will value open Transactions on a daily basis and calculate the amount of interest, on a basis notified to you in writing on a daily or monthly basis (including electronically), that would apply to the sum of money necessary to take out a position in the underlying Instrument with the same value. A different rate of interest will normally apply to long and short positions. While your Transaction remains open, the amount of interest will be calculated and will accrue on a daily basis as follows:

- (a) if you sell, interest will be either credited or debited to your account (depending on the interest rate)
- (b) if you buy, interest will be debited from your account.

- 7) For certain Expiry Transactions, our quote (which is based on the Underlying Market) will include an interest component. We will make it clear on our website or in our Contract Details which of our Expiry Transactions contain interest component. Such Expiry Transactions will not be adjusted for interest as set out in Term 23(6) above.

Dividends

- 8) Where applicable (e.g. where an Instrument is a stock or index in respect of which a dividend is paid) a dividend adjustment will be calculated for your account in respect of open positions held over the ex-dividend day or time for the relevant underlying Instrument. For long positions, the dividend adjustment will generally be the amount of the net dividend receivable by the individual or entity holding the equivalent position in an underlying Instrument and, in respect of non-Australian Instruments, will reflect normal market practice unless otherwise agreed with you. For short positions, the dividend adjustment will generally be the net dividend amount, unless otherwise agreed with you, but this may depend on where the Instrument trades. Further details may be obtained from us on request. Dividends will be credited to your account if you bought, i.e. opened a long position, and debited if you sold, i.e. opened a short position.

- 9) For certain Expiry Transactions, our quote (which is based on the Underlying Market) will include a forecasted dividend component. We will make it clear on our website or in our Contract Details which of our Expiry Transactions contain a dividend component. Such Expiry Transactions will not be adjusted for dividends as set out in Term 23(8) above. Note that, for such Expiry Transactions, in the event that there is declared or paid in respect of the relevant Instrument a special dividend or a dividend that is unusually large or small or payable by reference to an ex-dividend date that is unusually early or late or in the event that a previously regular dividend is omitted (in each case, having regard to dividend payments in previous years in respect of that same financial instrument), we may make an appropriate adjustment (including a retrospective adjustment) to the Opening Level and/or the size of the Transaction that relates to that Instrument.

24. Suspension and insolvency

- 1) If at any time trading on the Underlying Market is suspended in any Instrument that forms the subject of a Transaction, then the Transaction will also be Suspended from operation unless we are able to continue to make prices for the Transaction based on prices in a different but related Underlying Market that is not suspended from trading. If Suspended, the suspension price of the Transaction unless re-valued by us as set out in this Term 24, for the purposes of Margining and otherwise, will be the mid-price quoted by us at the time of suspension.

- 2) Irrespective of whether it is an Expiry Transaction and the date of contract expiry passes and irrespective of any Orders given by you, the Transaction will remain open but Suspended until either of the following takes place:

- (a) the suspension in the Underlying Market is terminated and trading recommences, at which point the Suspension of your Transaction will also cease and your Transaction will become tradable again. Following lifting of Suspension, any Orders that you may have given us with respect to the Transaction that have been triggered will be executed as soon as is reasonable in the circumstances having regard to liquidity in the Underlying Market and any hedging transactions that we have with third parties as a result of your Transaction. We cannot guarantee that Orders will be executed at the first available Underlying Market price; or
- (b) where the Instrument is in respect of a company, that company is delisted from the Underlying Market, goes into insolvency or is

dissolved, at which point your Transaction will be dealt with in accordance with Terms 24(4) and 24(5).

- 3) If you have an Expiry Transaction that becomes Suspended by operation of this Term, you will be deemed to have requested that the Transaction be rolled forward into the next contract period until the first expiry date following the lifting of the suspension or until your Transaction is dealt with in accordance with Terms 24(4) or 24(5) as applicable. You agree that while your Transaction is Suspended, we will still be entitled to make interest adjustments in accordance with Term 23(6).

- 4) If a company, whose Instrument represents all or part of the subject-matter of a Transaction, goes into insolvency or is otherwise dissolved will be the closing date of that Transaction and we will deal with your Transaction as follows:

- (a) If you have a long Transaction, the Closing Level of the Transaction will be zero and on closing, we will open a corresponding proceeds line on your account so that if the company makes a distribution to shareholders, an amount equalling the eventual distribution will be credited to your account.
- (b) If you have a short Transaction, the Closing Level of the Transaction will be zero and on closing we will open a corresponding proceeds line on your account so that if the company makes a distribution to shareholders, an amount equalling the distribution will be debited to your account. We reserve the right to require you to maintain Margin on this proceeds line, which could for the avoidance of doubt be as much as the difference between the suspension price and zero.

- 5) If a company, whose Instrument represents all or part of the subject-matter of a Transaction is delisted from the Exchange to which the Transaction relates, but at the time of delisting such company has not gone into insolvency nor been dissolved, then we will take such action as is fair having regard to all of the circumstances regarding the delisting and any hedging transactions that we have with third parties as a result of your Transaction and where possible which reflects the treatment accorded to holders of the underlying Instrument. Without any limitation, examples of the actions that we might take are:

- (a) closing the Transaction at a Closing Level that is based on our fair and reasonable assessment of the value of the Instrument to which the Transaction relates;
- (b) changing the Exchange to which the Transaction refers (i.e. if the company in question has delisted on the reference Exchange, but maintains or has obtained listing on another Exchange, we may alter your Transaction so that it refers to the second Exchange);
- (c) maintaining the Suspension of the Transaction until the company makes a distribution to holders of the Instrument in question, at which point we will reflect that distribution on your Transaction;
- (d) closing the Transaction and opening a proceeds line as set out in Term 24(4).

- 6) We reserve the right at all times when your Transactions are Suspended under Term 24(2) to revalue such Transaction at such price and/or to change the Margin rate, in both cases as we shall determine to be reasonable in the circumstances and to require payment of deposit or Margin accordingly.

25. Queries, complaints and disputes

- 1) If you have a complaint against us, your complaint will be dealt with in accordance with our internal disputes handling procedure.

- 2) In the event you have a complaint under or in connection with this Agreement or any Transaction, you should, in the first instance, refer the complaint to our Customer Services Department. If they are unable to resolve the dispute to your satisfaction it should be referred to our Compliance Department. The Compliance Department will investigate your complaint and advise you of the outcome within 45 days of you making the complaint.

- 3) If the Compliance Department is unable to resolve the matter and you are a retail client in respect of the Transaction that is the subject matter of the complaint you may, after 45 days have elapsed since the complaint was made, then refer the matter to our independent external dispute resolution scheme, the Financial Ombudsman Service Limited ("FOS") in accordance with the Rules thereof.

- 4) If under the Governing Legislation you are a wholesale client (whether deemed or otherwise) in respect of the Transaction that is the subject matter of the complaint you may only refer your complaint to FOS if we first agree in writing that we submit to that process. Please note that we may refuse to so submit for any reason or no reason in our sole discretion.

- 5) Submission of your complaint to FOS will not abrogate your duty to mitigate your losses. Our agreement to submit to this independent external dispute resolution scheme (if applicable) will not constitute a waiver of any default by you that may form the subject matter of, or be incidental to, such complaint or dispute.
- 6) In the event that you elect to refer your complaint to FOS, you authorise us to disclose such personal information about you (as defined by the Privacy Act 1988) including, without limitation, records of telephone conversations between you and us as we at our absolute discretion deem appropriate or necessary to enable us to prosecute our case in the arbitral process of FOS.
- 7) Without prejudice to any of our other rights to close a Transaction under this Agreement, in any case where we are in dispute with you in respect of a Transaction or alleged Transaction or any communication relating to a Transaction, we may, in our absolute discretion and without notice, close any such Transaction or alleged Transaction, where we reasonably believe such action to be desirable for the purpose of limiting the maximum amount involved in the dispute, and we will not be under any obligation to you in connection with any subsequent movement in the level of the Transaction concerned. If we close one or more of your Transactions under this Term, such action will be without prejudice to our right to contend in relation to any dispute that such Transaction had already been closed by us or was never opened by you. We will take reasonable steps to inform you that we have taken such action as soon as practicable after doing so. Where we close a Transaction or alleged Transaction in accordance with this Term, the closing will be without prejudice to your rights:
 - (a) to seek redress or compensation for any loss or damage suffered in connection with the disputed or alleged Transaction or communication, prior to the closing; and
 - (b) to open a new Transaction at any time thereafter, provided that such Transaction is opened in accordance with this Agreement, which will be applied, for the purposes only of calculating any relevant limits or money required from you, on the basis that our view of the disputed events or communication is correct.

26. Miscellaneous

- 1) We reserve the right to Suspend your Account at any time. If we Suspend your account, it means that: you will generally not be permitted to open any new Transactions or increase your exposure under your existing Transactions, but you will be permitted to close, part close or reduce your exposure to us under your existing Transactions; you will no longer be permitted to trade with us via our Electronic Trading Service, rather you will be required to trade with us via the phone. We also reserve the right to Suspend a specific Transaction that you have open with us. If we Suspend a Transaction, it means that: you will generally not be permitted to increase your exposure to us under the Suspended Transaction, but you will be permitted to close, part close or reduce your exposure to us under the Suspended Transaction; in relation to the Suspended Transaction, you will no longer be permitted to deal with us via our Electronic Trading Service, rather you will be required to deal with us via the phone.
 - 2) Our rights and remedies under this Agreement will be cumulative, and our exercise or waiver of any right or remedy will not preclude or inhibit the exercise of any additional right or remedy. Our failure to enforce or exercise any right under this Agreement will not amount to a waiver or bar to enforcement of that right.
 - 3) We may assign the benefit and burden of this Agreement to a third party, in whole or in part, provided that any assignee agrees to abide by the Terms of this Agreement. Such assignment will come into effect 10 Business Days following the day you are deemed to have received notice of the assignment in accordance with Term 13(10). You agree that you may not assign the benefit and burden of this Agreement, whether in whole or in part, to any third party without our prior written consent.
 - 4) You acknowledge and agree that the copyrights, trademarks, database and other property or rights in any information distributed to or received by you from us (including, but not limited to, our prices), together with the contents of our website(s), brochures and other material connected with our dealing service and in any database that contains or constitutes such information, will remain the sole and exclusive property of ours or any third party identified as being the owner of such rights.
 - 5) If any Term (or any part of any Term) is held by a court of competent jurisdiction to be unenforceable for any reason then such Term will, to that extent, be deemed severable and not form part of this Agreement, but the enforceability of the remainder of this Agreement will not be affected.
- 6) You will be responsible at all times for the payment of all taxes due and for providing any relevant tax authority with any information relating to your dealings with us. You agree that if we provide you with any information or express any opinion in relation to the tax treatment of your dealings with us it will not be reasonable for you to rely upon any such statement and it will not constitute tax advice.
 - 7) Our records, unless shown to be wrong, will be evidence of your dealings with us in connection with our services. You will not object to the admission of our records as evidence in any legal or regulatory proceedings because such records are not originals, are not in writing or are documents produced by a computer. You will not rely on us to comply with your record keeping obligations, although records may be made available to you on request at our absolute discretion.

27. Amendment and termination

- 1) We may amend this Agreement and any arrangements made hereunder at any time by written notice to you. You will be deemed to accept and agree to the amendment unless you notify us to the contrary within 10 days of the date of our amendment notice. If you do object to the amendment, the amendment will not be binding on you, but your account will be Suspended and you will be required to close your account as soon as is reasonably practicable. Any amendment to this Agreement will come into effect on the date specified by us which will, in most cases, be at least 10 Business Days after you are deemed to have received notice of the amendment in accordance with Term 13(10) (unless it is impractical in the circumstances to give 10 days' notice). Any amended agreement will supersede any previous agreement between us on the same subject matter and will govern any Transaction entered into after, or outstanding on, the date the new edition comes into effect. We will only make changes for good reason, including but not limited to:
 - (a) making this Agreement clearer;
 - (b) making this Agreement more favourable to you;
 - (c) reflecting legitimate increases or reductions in the cost of providing our service to you;
 - (d) providing for the introduction of new systems, services, changes in technology and products;
 - (e) rectifying any mistakes that may be discovered in due course;
 - (f) reflecting a change of Applicable Regulations or law.
- 2) This Agreement and any arrangements hereunder may be Suspended or terminated by either party upon giving the other party written notice of Suspension or termination, which will take effect immediately, unless otherwise specified in the notice. Any such Suspension or termination will not affect any obligation that may already have been incurred by either party in respect of any outstanding Transaction or any legal rights or obligations that may already have arisen under this Agreement or any dealings made thereunder.

28. Governing law

- 1) This Agreement and each Transaction entered into with you is in all respects governed by the laws in force in of the State of New South Wales and the courts of New South Wales will have jurisdiction to hear and determine any disputes which may arise in relation thereto (subject to any right which you or we may have to require a dispute to go to use the independent external dispute resolution scheme under Term 25). For such purposes you irrevocably submit to the exclusive jurisdiction of the courts of the State of New South Wales in relation to any such dispute. Nothing in this Term 28 will prevent us from bringing or enforcing proceedings against you in any other jurisdiction in which we are lawfully entitled to do so.
- 2) If you are situated outside of Australia, an originating process by which any proceedings in Australia are begun may be served on you in accordance with our local rules for service out of the Australian jurisdiction. Nothing in this Term affects our right to serve process in another manner permitted by law.

29. Privacy

- 1) You confirm that you understand and agree that we will collect your personal information for the purposes of assessing your application and, if applicable, opening, maintaining and operating your account including the enforcement of the provisions of this Agreement and for all of the purposes set out herein and below:

If, in our absolute discretion, we consider it relevant to:

- (a) assessing your application to open an Account;
- (b) assessing your application for credit; or
- (c) collecting overdue payments in relation to any personal or credit facility or trading activity that results from this Agreement;

you agree and consent to:

- (i) us obtaining from a credit reporting agency a credit report containing personal credit information about you (which can include personal information about your credit worthiness, credit history, credit standing or credit capacity) ("Credit Report"); and
 - (ii) us contacting any credit provider named in the Credit Report or any credit provider whose details have been provided to us by you in order to obtain further information or clarification regarding matters relevant to the matters in Term 29(1)(a)-(c) above.
- 2) We may give a credit reporting agency certain personal information and identity details about you to obtain a consumer or commercial credit report about you. This information includes:
 - (a) the fact that you have applied for credit and the amount of credit;
 - (b) details of any payments which become overdue more than 60 days and for which collection has commenced;
 - (c) the fact that cheques drawn by you have been dishonoured more than once; and
 - (d) other such information that, in our opinion, is material to your credit worthiness, credit history, credit standing or credit capacity.
 - 3) We may give to and obtain from other credit providers certain personal information and identity details about you, including any information about your credit worthiness, credit standing, credit history or credit capacity that credit providers are allowed to give or receive from each other under the Privacy Act 1988.
 - 4) We may obtain from banks or financial institutions, a banker's opinion about your credit worthiness for the purpose of assessing your application to open an Account.
 - 5) We may use your personal information for additional purposes including planning, product development, research and, unless you check the relevant box(es) on your Account opening form, to provide you with direct marketing information and offers about our products and services or those of Associated Companies of ours.
 - 6) We may disclose information about you:
 - (a) to any person who is considering whether to guarantee your obligations, or offer security to us for credit you have applied for, or credit which we have given to you to enable that person to decide whether or not to guarantee those obligations;
 - (b) to any person who has guaranteed your obligations or provided security to us to enable that person to establish how you are performing (or have performed) those obligations;
 - (c) to such third parties as we deem reasonably necessary in order to prevent, detect, investigate, prosecute or punish criminal offences, breaches of law or other unlawful activity; or
 - (d) to such third parties as we see fit to assist us in enforcing our legal or contractual rights against you including but not limited to debt collection agencies and legal advisors.
 - 7) We may share your information with your nominated referees and government regulators in Australia, New Zealand and the United Kingdom including, without limitation, the Australian Securities Exchange and Australian Securities and Investments Commission.
 - 8) As well as in Australia (and, if you are a New Zealand resident, New Zealand), some of the organisations to whom your personal information will be disclosed will be located in the United Kingdom, and you agree to that transfer of your personal information for the purposes set out here.
 - 9) If you do not agree to the collection of your personal information by us, then we may not be able to process your application.
 - 10) You may contact us at the address listed in the Product Disclosure Statement if you wish to request access to any personal information which we hold about you.

30. Interpretation

- 1) In this Agreement:

"Act" means the Corporations Act 2001;

"AEST" means Australian Eastern Standard time;

"Agreement" means this agreement and all schedules, Product Modules, the Contract Details, any ancillary documents referred to herein and any amendments thereto. For the avoidance of doubt this agreement

supercedes and replaces any previous customer agreement in force between you and us which dealt with Transactions;

"Applicable Regulations" means: (a) Rules of a relevant regulatory authority; (b) the Rules of the relevant Exchange; and (c) all other applicable laws, rules and regulations (including without limitation the Governing Legislation) as in force from time to time, as applicable to this Agreement and any Transaction, or Electronic Trading Service;

"Associated Company" means any holding company or subsidiary company (as defined in the Act), from time to time, of ours and/or any subsidiary company of any such holding company;

"Attached Order" means an Order that relates to or is referenced to an existing Transaction that you have with us;

"Base Currency" means, in relation to a party, the Currency allocated to your Account for this purpose, in accordance with the Agreement;

"Business Day" means any day other than a Saturday, Sunday and a gazetted public holiday in the State of New South Wales, or designated as a holiday by the Australian Securities Exchange;

"Closing Level" means the level at which a Transaction is closed;

"Commission" has the meaning attributed to it in Terms 4(1), 5(5) and 7(12);

"Commission Transaction" has the meaning attributed to it in Term 4(1);

"Contract Details" means the section of the public pages of our website designated as the Contract Details as amended from time to time;

"Contract for Differences" or "CFD" is a type of Transaction the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of an Instrument but specifically excludes any Transactions which are dealt with in a separate Product Module. Types of Contracts for Differences include, but are not limited to, Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs and Stock Index CFDs;

"Contract Value" means the number of shares, contracts or other units of the Instrument that you are notionally buying or selling multiplied by our then current quote for closing the Transaction;

"Corporate Event" has the meaning attributed to it in Term 23(2);

"Credit Account" means any Account which you open with us pursuant to which we grant you a credit limit;

"Currency" means any legally accepted form of dollar current;

"Director" has the same meaning as is given to that term in the Act;

"Dollars" and "\$" denote lawful currency of Australia;

"Euros" and "€" denote lawful currency of the Eurozone countries of the European Union;

"Electronic conversation" means a conversation between you and us held via our Electronic Trading Services;

"Electronic Trading Services" means any electronic services (together with any related software) including without limitation trading, direct market access order routing or information services that we grant you access to or make available to you either directly or through a third party service provider, and used by you to view information and/or enter into Transactions;

"Event of Default" has the meaning attributed to it in Term 16(1);

"Exchange" means any securities or futures exchanges, clearing house, self regulatory organizations, alternative trading system or multi-lateral trading facility as the context may require from time to time;

"Exchange Rate" means the rate (in relation to two currencies in respect of which you may wish to open a Foreign Exchange CFD) at which a single unit of the first currency that you state may be bought with or, as the case may be, sold in, units of the second currency that you state;

"Expiry Transaction" means a Transaction which has a set contract period, at the end of which the Expiry Transaction expires automatically;

"FIX" means Financial Information Exchange protocol;

"Force Majeure Event" has the meaning attributed to it in Term 22(1);

"Force Open" means a Transaction in respect of a particular Instrument where you already have an open Transaction in respect of the same Instrument which would ordinarily result in the netting of these two Transactions against each other and the closing or partial closing of both pursuant to Term 6 of this Agreement (including the Master Netting provisions in Schedule A incorporated by Term 15) which applies to you; but where we accept your offer to open the second Transaction without offsetting it against that which preceded it so that two Transactions result;

"Foreign Exchange CFD" or "Forex" is a form of CFD that gives you exposure to changes in value of an Exchange Rate, but unless you and we expressly agree separately in writing, it cannot result in the delivery of any Currency to or by you;

"Futures CFD" is a form of CFD that gives exposure to changes in the value of a futures contract. It is not a futures contract traded on any Exchange and unless you and we expressly agree separately in writing, it cannot result in the delivery of any Instrument to or by you;

"Governing Legislation" means the Act and the regulations made under it and all applicable financial services laws (as defined by section 761A of the Act);

"Instrument" means any stock, share, futures contract, forward or option contract, commodity, precious metal, Exchange Rate, interest rate, debt instrument, stock or other index, or other investment in respect of which we offer to deal in Transactions;

"Last Dealing Time" means the last day and (as the context requires) time before which a Transaction may be dealt in, as set out in the Contract Details or otherwise notified to you, or otherwise the last day and (as the context requires) time on which the underlying Instrument may be dealt in on the relevant Underlying Market;

"Limit Order" has the meaning given to it in Term 12(1);

"Limited Risk Account" means a type of account on which you are only permitted to place Limited Risk Transactions.

"Linked Transactions" means two or more Transactions in respect of which we agree not to call for, or apply, the full amount of Margin as a result of the relationship between such Transactions;

"Manifest Error" has the meaning attributed to it in Term 10(1);

"Margin" means the amount of money you are required to pay us in order to open and maintain a Transaction, as set out in Term 14;

"Market Spread" means the difference between the bid and offer prices for a Transaction of equivalent size in a Instrument, or a related Instrument, in the Underlying Market;

"Master Netting Terms" means the netting provisions set out in Schedule A to this Agreement regarding all Transactions entered into by you pursuant to this Agreement that will apply to you;

"Minimum Size" means, in respect of a Transaction in which a Minimum Size applies, the minimum number of shares, contracts or other units of an Instrument that we will deal on, which in most cases is specified in the Contract Details and, where not so specified, we will inform you of on request;

"Normal Market Size" means the maximum number of stocks, shares, contracts or other units that we reasonably believe the Underlying Market to be good in at the relevant time;

"Opening Level" means the level at which a Transaction is opened;

"Order" means a Stop Order, Trailing Stop, Limit Order or Buffer Limit, as the case permits;

"Order Book Share" means all non Australian shares and all Australian shares that are traded using a fully electronic order book and order matching system such as ITS;

"Our bid and offer prices" has the meaning attributed to it in Term 4(1);

"P&L" means realised and/or unrealised profits and/or losses, as the case permits;

"Product Disclosure Document" or "PDS" means the document described as the Product Disclosure Statement and issued by us, as revised from time to time;

"Product Module" means a product specific module which forms part of this Agreement and sets out the terms and conditions that apply to specific types of Transactions and/or Services that we provide or supply to you;

"Relevant Person" means an employee or Director of us or an employee or Director of an Associated Company;

"Rules" means articles, rules, regulations, procedures, policies and customs, as in force from time to time;

"Security Devices" means one or more user identification codes, digital certificates, passwords, authentication codes, or such other information or devices (electronic or otherwise) as may be provided or specified to you, to enable your access to the Electronic Trading Services;

"Sell" has the meaning attributed to it in Term 4(1);

"Share CFD" is a form of CFD that gives exposure to changes in share prices. It is not an agreement to buy or sell any amount of shares and, unless you and we expressly agree separately in writing, it cannot result in the delivery of any shares to or by you. The share Instrument upon which the Share CFD is based may be an Order Book Share or a Market Maker Share;

"Spread" has the meaning attributed to it in Term 4(1) and may, as the context requires, include Market Spread;

"Spread Transaction" has the meaning attributed to it in Term 4(1);

"Statement" means a written confirmation of our dealings with you including any Transactions that you open and/or close, any Orders that you set and/or edit and any charges that we apply.

"Stock Index CFD" is a form of CFD that gives exposure to changes in the value of a stock index. It is not an agreement to buy or sell any amount of shares and unless you and we expressly agree separately in writing, it cannot result in the delivery of any shares to or by you;

"Stop Order" has the meaning given to it in Term 12(1);

"Suspend" has the meaning given to it in Term 24(1), and "Suspension" and "Suspended" has a corresponding meaning;

"System" means all computer hardware and software, equipment, network facilities and other resources and facilities needed to enable you to use an Electronic Trading Service;

"Trailing Stop" has the meaning given to it in Term 12(1);

"Transaction" means a future, option, contract for differences, spot or forward contract of any kind in relation to any Instrument (including a security) or any combination of Instruments and means either or both Expiry Transactions or Undated Transactions as the context requires;

"Unattached Order" means an Order that relates to or is referenced to a proposed Transaction that will come into effect if and when the Order is executed;

"Undated Transaction" means a Transaction with an indefinite contract period that is not capable of expiring automatically;

"Underlying Market" means the Exchange and/or other similar body and/or liquidity pool on which a Instrument is traded or trading in that Instrument as the context requires.

- 2) A reference to:
 - (a) a Term is a reference to a term of this Agreement;
 - (b) an Act of Parliament is a reference to such Act as from time to time amended, consolidated or re-enacted (with or without modification) and includes all instruments or orders made under such enactment;
 - (c) any time or date will be to Australian Eastern Standard Time, unless expressly noted to the contrary; and
 - (d) the singular will import the plural and the masculine will import the feminine as the context requires.
- 3) Priority of documents: in the event of any conflict between the terms of the main body of this Agreement and any Product Module, Schedule,

Appendix or ancillary document referred to in this Agreement, the order of precedence for the purpose of construction shall be:

- (a) the Governing Legislation;
 - (i) Schedule A –Master Netting Terms;
 - (ii) Schedule of Supplementary Terms and Conditions (if applicable);
 - (iii) Product Module (if applicable);
 - (iv) Contract Details;
 - (v) Any other ancillary documents referred to in this Agreement;
 - (vi) these Terms;

and in the event of any inconsistency between any provision in any of these documents the higher in the descending order will prevail over the lower to the extent of the inconsistency.

SCHEDULE A

MASTER NETTING TERMS

NOW IT IS HEREBY AGREED as follows:

1. Scope of these additional Terms

- 1.1 These Terms and the particular terms agreed by you and us govern each Transaction entered into or outstanding between you and us on or after the date of execution of these terms.
- 1.2 The Agreement, including these Terms and the particular terms of, and applicable to, each and every Transaction governed by these Terms, the Schedules to these terms and all amendments to any of such items together constitute a single agreement between you and us. You acknowledge that all Transactions governed by these terms which are entered into on or after the date of execution of these terms are entered into in reliance upon the fact that all such items constitute a single agreement between us.

2. Settlement and Exchange or Clearing Organisation Rules

- 2.1 Unless a Liquidation Date has occurred or has been effectively set, a Party shall not be obliged to make any payment or delivery scheduled to be made by that Party under a Transaction governed by these terms for so long as an Event of Default or Potential Event of Default with respect to the other Party has occurred and is continuing.
- 2.2 Unless otherwise agreed in writing by the Parties, if the Parties enter into any Transaction governed by these Terms to close out any existing Transaction between the Parties then their obligations under such Transactions shall automatically and immediately be terminated upon entering into the second Transaction, except for any settlement payment due from one Party to the other in respect of such closed out Transactions.

3. Representations, warranties and covenants

- 3.1 Each Party represents and warrants to the other Party as of the date of execution of these terms and, in the case of the representation and warranty in (v) of this Clause 3.1 relating to the entering into of Transactions, as of the date of entering into each Transaction governed by these terms that: (i) it has authority to enter into this Agreement; (ii) the persons entering into the agreement on its behalf have been duly authorised to do so; (iii) this Agreement and the obligations created under this agreement are binding upon it and enforceable against it in accordance with their terms (subject to applicable principles of equity) and do not and will not violate the terms of any agreements to which such Party is bound; (iv) no Event of Default or Potential Event of Default has occurred and is continuing with respect to it; and (v) it acts as principal and sole beneficial owner (and not as trustee) in entering into these terms and each and every Transaction governed by these Terms.
- 3.2 Each Party undertakes to the other Party that: (i) it will at all times obtain and comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required to enable it lawfully to perform its obligations under this agreement; and (ii) it will promptly notify the other Party of the occurrence of any Event of Default or Potential Event of Default with respect to itself.

4. Termination and liquidation

- 4.1 If, at any time:
 - (i) a Party fails to make any payment when due under or to make or take delivery of any property when due under, or to observe or perform any other provision of, this agreement (including any

- Transaction governed by these terms) and such failure continues for two Business Days after notice of non-performance has been given by the other Party to the defaulting Party;
 - (ii) a Party commences a voluntary case or other procedure seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to an insolvent Party), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian, examiner or other similar official (each a "Custodian") of it or any part of its assets; or takes any corporate action to authorise any of the foregoing; and, in the case of a reorganisation, arrangement or composition, the other Party does not consent to the proposals;
 - (iii) an involuntary case or other procedure is commenced against a Party seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to it or its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to an insolvent Party) or seeking the appointment of a Custodian of it or any part of its assets and such involuntary case or other procedure either (a) has not been dismissed within five days of its institution or presentation or (b) has been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
 - (iv) a Party dies, becomes of unsound mind, is unable to pay its debts as they fall due or is bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable to such Party; or any indebtedness of a Party is not paid on the due date therefor or becomes, or becomes capable at any time of being declared, due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable, or proceedings are commenced for any execution, any attachment or garnishment, or any distress against, or an encumbrancer takes possession of, the whole or any part of the property, undertaking or assets (tangible and intangible) of a Party;
 - (v) a Party in relation to a Party (or any Custodian acting on behalf of a Party in relation to a Party) disaffirms, disclaims or repudiates any obligation under this agreement (including any Transaction governed by these terms);
 - (vi) any representation or warranty made or deemed made by a Party pursuant to this agreement proves to have been false or misleading in any material respect as at the time it was made or given;
 - (vii) a Party is dissolved, or in respect of a Party whose existence is dependent upon a formal registration, such registration is removed or ends, or any procedure is commenced seeking or proposing a Party's dissolution or the removal or ending of such a registration of a Party; or
 - (viii) any event of default (however described) occurs under any terms of business in place between the Parties or any other event specified for these purposes in Schedule 1 or otherwise occurs, then the other Party (the "Non- Defaulting Party") may exercise its rights under Clause 4.2, except that, if so agreed in writing by the Parties (whether by specifying as such in Schedule 1 hereto or otherwise), in the case of the occurrence of any Event of Default specified in paragraph (ii) or (iii) above the provisions of Clause 4.3 shall apply.
- 4.2 Subject to Clause 4.3, at any time following the occurrence of an Event of Default, the Non-Defaulting Party may, by notice to the Defaulting Party, specify a Liquidation Date for the termination and liquidation of Transactions in accordance with the provisions of Clause 4.4.
 - 4.3 If the Parties have so agreed, the date of the occurrence of any Event of Default specified in paragraph (ii) or (iii) of Clause 4.1 shall automatically constitute a Liquidation Date, without the need for any notice by either Party and to the intent that the provisions of Clause 4.4 shall then apply.
 - 4.4 Upon the occurrence of a Liquidation Date:
 - (i) neither Party shall be obliged to make any further payments or deliveries under any Transactions governed by these terms which would, but for this Clause, have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount;
 - (ii) the Non-Defaulting Party shall (on, or as soon as reasonably practicable after, the Liquidation Date) determine (discounting if appropriate), in respect of each Transaction governed by these terms, its total cost, loss or, as the case may be, gain, in each

- case expressed in the Non-Defaulting Party's Base Currency (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, cost, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this agreement, of each payment or delivery which would otherwise have been required to be made under such Transaction (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation as may be available on, or immediately preceding, the date of calculation); and
- (iii) the Non-Defaulting Party shall treat each cost or loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Non-Defaulting Party's Base Currency (the "Liquidation Amount").
- 4.5 If the Liquidation Amount determined pursuant to Clause 4.4 is a positive amount, the Defaulting Party shall pay it to the Non-Defaulting Party and if it is a negative amount, the Non-Defaulting Party shall pay it to the Defaulting Party. The Non-Defaulting Party shall notify the Defaulting Party of the Liquidation Amount, and by which Party it is payable, immediately after the calculation of such amount.
- 4.6 Unless the Parties specify otherwise in Schedule A or otherwise, where termination and liquidation occurs in accordance with Clause 4.4, the Non-Defaulting Party shall also be entitled, at its discretion, to apply the provisions of Clause 4.4 to any other Transactions entered into between the Parties which are then outstanding, as if each such Transaction were a Transaction governed by these terms.
- 4.7 The amount payable by one Party to the other Party pursuant to the provisions of Clause 4.5, or any applicable laws or regulations, shall be paid in the Non-Defaulting Party's Base Currency by the close of business on the Business Day following the completion of the termination and liquidation under Clause 4.4, or any laws or regulations having a similar effect, (converted as required by applicable law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Defaulting Party).
- 4.8 For the purposes of any calculation hereunder, We may convert amounts denominated in any other currency into the Non-Defaulting Party's Base Currency at such rate prevailing at the time of the calculation as we may reasonably select.
- 4.9 The Non-Defaulting Party's rights under this Clause 4 shall be in addition to, and not in limitation or exclusion of, any other rights which the Non-Defaulting Party may have (whether by agreement, operation of law or otherwise).
- 5. Set-off**
Without prejudice to any other right or remedy which it may have, either Party may, on or after the occurrence of a Liquidation Date and the determination of the Liquidation Amount, set off any amount owing by it (whether actual or contingent, present or future and including, if applicable and without limitation, the Liquidation Amount and any amount due and payable on or before the Liquidation Date but remaining unpaid) to the other Party against any amount owing by such other Party (whether actual or contingent, present or future and including, if applicable and without limitation, the Liquidation Amount and any amount due and payable before the Liquidation Date but remaining unpaid) to the first Party.
- 6. Currency indemnity**
If a Party (the first Party) receives or recovers any amount in respect of an obligation of the other Party (the second Party) in a currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, the second Party shall indemnify and hold harmless the first Party from and against any cost (including costs of conversion) and loss suffered by the first Party as a result of receiving such amount in a currency other than the currency in which it was due.
- 7. Time of essence**
Time shall be of the essence in the Agreement.
- 8. Interpretation**
8.1 In these Terms:
- "Base Currency" means, in relation to a Party, the Currency allocated to your Account for this purpose, in accordance with the Agreement;
- "Custodian" has the meaning given to it in Clause 4.1;
- "Defaulting Party" means the Party in respect of which, or related to a Credit Support Provider in respect of which, an Event of Default has occurred;
- "Liquidation Date" means a day on which, pursuant to the provisions of Clause 4, the Non-Defaulting Party commences the termination and liquidation of Transactions or such a termination and liquidation commences automatically;
- "Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination hereunder or any combination thereof) an Event of Default;
- "Proceedings" means any suit, action, or other proceedings relating to this agreement;
- 8.2 In these terms, "Event of Default" means any of the events listed in Clause 4.1; "Liquidation Amount" has the meaning ascribed to it in Clause 4.4; and "Non-Defaulting Party" has the meaning ascribed to it in Clause 4.1.
- a "Clause" is a reference to a clause in this Schedule of these Terms;
- "indebtedness" shall be construed so as to include any obligation (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money;
- "Parties" means you and us and shall be construed as a reference to the parties to this agreement and shall include their successors and permitted assigns; and
- "Party" shall be construed as a reference to whichever of the Parties is appropriate in the context in which such expression may be used;