



Product Disclosure Statement (“PDS”)

Product Disclosure Statement (“PDS”)

LICENCE NO: 246566

ISSUER: easyMarkets PTY LIMITED

ISSUE DATE: 21 December 2015 (Version 3.0)

The information and any general advice in this PDS do not take into account your personal objectives, financial situation or needs. Before trading in the products referred to in this PDS you should read this PDS and be satisfied that any trading you undertake in relation to those products is appropriate in view of your objectives, financial situation and needs as well as considering the risks associated with dealing in those products. You should read all sections of this PDS before making a decision to acquire the financial products described herein.

We recommend that you consult your financial adviser or obtain other independent advice before trading in the products referred to in this PDS. easyMarkets does not and will not give you personal financial product advice and this PDS does not constitute a recommendation or opinion that the products referred to in this PDS are appropriate to you.

We also wish to highlight to you that by transferring funds to our client money account you are exposed to counterparty risk, (see Section 12 for additional detail and "Benchmark 3" below) - the risk that you may not receive all the money held by the licensee (easyMarkets) on your behalf in the client money account if there is a deficit in the client money account and the licensee becomes insolvent or is otherwise unable to pay the deficiency.

1. [Introduction](#)
2. [Issuer Details](#)
3. [What is easyMarkets?](#)
4. [What Products does this PDS cover?](#)
5. [Purpose of easyMarkets Products](#)
6. [How are Prices for easyMarkets Products Calculated?](#)
7. [How are the easyMarkets Products Traded?](#)
8. [Margin Obligations](#)
9. [Costs of Our Products](#)
10. [Client Agreement](#)

11. [How do your Orders get Executed and Confirmed?](#)
12. [Significant Benefits of the easyMarkets Products](#)
13. [Significant Risks Explained](#)
14. [What do I do if I have a Complaint?](#)
15. [Taxation Implications](#)
16. [Privacy](#)
17. [Anti-Money Laundering and Terrorist Financing](#)
18. [Cooling-off Arrangements](#)
19. [Other Available Information](#)
20. [How to Contact us](#)

1. Introduction

Under the Corporations Act 2001, a retail client must receive a Product Disclosure Statement ("PDS") from an Australian Financial Services ("AFS") license before acquiring a financial product. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits and costs. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of our financial products. This document is our PDS for derivatives and foreign exchange products. This PDS is available on the Internet at www.easyMarkets.com.au. Paper copies of this PDS will be sent by us to any person on request and free of charge. To obtain a paper copy free of charge, please contact us through the contact details section of this PDS.

Jurisdiction and Selling Restrictions: This PDS is not an offer to sell or invitation to treat in relation to the products in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this document comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.

The Financial Service Provider is easyMarkets Pty Limited ACN 107 184 510. easyMarkets Pty Limited is an Australian incorporated company founded in 2003 and is part of the Blue Capital Markets Ltd Group.

This PDS seeks to explain to you about our products in a clear, concise and effective manner. Given that derivatives and foreign exchange products are complex areas of the financial markets, you are referred to the glossary on our website at www.easyMarkets.com.au to assist your greater understanding.

When we use the terms 'easyMarkets', 'we', 'us' or 'our' in this PDS the reference is to easyMarkets Pty Limited, ACN 107 184 510; AFS License 246 566 i.e. the issuer of these products. When we use the term "you" we mean you as the user of our products. When we refer to "client" we mean you or another user of easyMarkets products as applicable.

This PDS is an important document and provides you with key information about our products.

Before trading in the products referred to in this PDS you should give consideration to your objectives, financial situation and needs. We recommend that you take all reasonable steps to fully understand the possible outcomes of trades and strategies in relation to utilising the easyMarkets trading platform. You should also be aware of the risks involved and be satisfied that trading in our products is suitable for you in view of your financial circumstances.

ASIC REGULATORY GUIDE 227 - Disclosure Benchmarks

ASIC Regulatory Guide 227 entitled "Over-the-counter" contracts for difference: Improving disclosure for retail investors" requires certain issuers of Over-the-Counter ("OTC") derivative products to disclose certain information.

Seven disclosure benchmarks have been developed by ASIC to help retail investors assess the potential benefits and understand the risks associated with trading these products and decide whether investment in these products is suitable for them.

The following identifies the various benchmarks and discloses whether easyMarkets meets each of the benchmarks and if not, why not.

Benchmark 1: Client Qualification.

easyMarkets meets this benchmark as it maintains and applies a written "Client qualification" policy which:

- a) Sets out the minimum qualification criteria that prospective investors will need to demonstrate before we will permit you to commence trading with us;
- b) Outlines the processes easyMarkets has in place to ensure that prospective investors who do not meet the qualification criteria and thus assessed by us as "unsuitable" are not accepted as a client and trade in our products; and
- c) Require that we maintain records of our client assessments.

Because easyMarkets products can be complex and may not be suitable for all investors, all prospective clients of easyMarkets must complete a "suitability test" before they can begin trading with easyMarkets. You will be required to complete the test either at the time you open the account or at the time that you make a deposit into your account but always before you enter into any transaction. This test enables prospective clients to demonstrate to us that they have a sound understanding of the features and risks of our products.

If you are successful in completing the test then the results of your assessment will be recorded. If you are unsuccessful you will not be able to trade but you will be given another opportunity to complete the test at your earliest convenience. Please speak to an account manager if you have any concerns about the suitability test.

Benchmark 2: Opening Collateral.

easyMarkets meets this benchmark.

easyMarkets accepts only cash via EFT, BPAY or credit card to meet any and all margin requirements. We do not accept any other forms of collateral.

The initial deposit when establishing an account via credit card is limited to USD 1000 and you cannot trade until such time that you have passed the suitability test and your identification has been verified by an account manager.

Benchmark 3: Counterparty Risk – Hedging.

easyMarkets meets this benchmark as it maintains and applies a written policy to manage our exposure to market risk from client positions. This policy is described below.

Given you are dealing with easyMarkets as counterparty to every transaction, you will have an exposure to us in relation to each transaction if we are not ready, willing or able to meet our obligations, for example, if easyMarkets were to become insolvent. This is common to all OTC financial market products.

You are reliant on easyMarkets' ability to meet its counterparty obligations to you to settle the relevant contract. easyMarkets limits this exposure by hedging its exposure to its clients by entering into opposite transactions as principal in the wholesale market in relation to its exposures with clients. easyMarkets is then exposed to counterparty risk with that hedging party.

easyMarkets' policy to manage our exposure to market risk from client positions is to offset (hedge) all of its clients trades with its parent company, Blue Capital Markets Ltd i.e. on a back-to-back basis. Thus, there is limited risk to easyMarkets.

In turn Blue Capital Markets Ltd centrally manages the exposure it has to easyMarkets and other entities by aggregating its exposure and internally offsetting client trades with each other. Any net exposure of Blue Capital Markets Ltd is then hedged with one or more of its liquidity providers. These liquidity providers are chosen based on their ability to provide liquidity in the underlying market as well as the strength of their balance sheet.

Benchmark 4: Counterparty Risk – Financial Resources.

easyMarkets meets this benchmark since it maintains and applies a written policy which details how we monitor our compliance with our licence conditions in relation to financial requirements.

easyMarkets does undertake stress testing to ensure we hold sufficient liquid funds to withstand adverse market movements which forms part of this benchmark. This is undertaken even though we fully hedge all transactions with clients with our parent company and thus, our market risk is limited. Additionally, easyMarkets maintains sufficient financial resources to meet its financial obligations to its clients. This is met through the use of a financial buffer that historically has been the equivalent of all of our client's exposure in the forex market.

You should satisfy yourself that easyMarkets is able to meet its obligation to you. You can assess easyMarkets's financial ability to meet its financial obligations by reviewing our financial statements. Should you wish to be provided with a copy of the most recent audited Balance Sheet and Profit and Loss Statement of easyMarkets for you to review then please request this information directly from us and we will provide it to you free of charge.

Benchmark 5: Client Money.

easyMarkets meets this benchmark as it maintains and applies a clear policy with respect to the use of client money.

Any money deposited with us is held separately from our money in a trust account, and held and dealt with in accordance with the governing legislation and our client agreement. Please note that your money will be co-mingled with other client monies in one or more trust accounts.

We do not use client monies for hedging purposes with counterparties. For a further explanation of this policy please see section 13.12 of this PDS entitled "Client Money."

Benchmark 6: Suspended or Halted Underlying Assets.

easyMarkets meets this benchmark as it is our policy that no new positions can be opened where there is trading halt over the underlying asset or trading in the underlying asset has been suspended on the relevant exchange upon which the underlying stock is listed.

Benchmark 7: Margin Calls.

easyMarkets maintains and applies a written policy setting out our margining practices which details:

- a) how we monitor client accounts to ensure we receive early notice of accounts likely to be on margin call;
- b) our rights to exercise including the right to make a margin call and close out client positions; and
- c) when we may exercise our rights and what factors we consider when exercising our rights.

All clients will be subject to margin obligations.

Initial margin means the initial deposit (an upfront payment) of funds required by us to cover the risk to easyMarkets and as security for the client's obligations. Furthermore, additional margin (also known as variation margin) may be payable in the event of adverse market movements to keep the position open.

Positions are monitored by easyMarkets on a mark to market basis to account for any market movements. If the value of the position moves against you then you will be required to "top up" the initial margin and, if so, you will be subject to a margin call i.e. to pay additional margin (automatically from your easyMarkets account). Margin calls are made by easyMarkets (by phone, email or sms) or in

the case of clients using the MT4 platform the notification is electronic and via the MT4 platform.

Our margining policy requires us to take reasonable steps to notify clients before we close out a client's position. These steps may include contacting you either via phone, email or sms.

Our margining policy is explained in section 8 of this PDS in the section entitled "Margin Obligations".

If you have any questions in relation to this PDS, please do not hesitate to contact us through the contact details given in section 20 of this PDS.

For a glossary of common terms used in this PDS please refer to our website.

2. Issuer Details

Issuer:	easyMarkets Pty Limited (ACN 107 184 510; AFS Licence 246566) Suite 703, 65 York Street SYDNEY NSW 2000
Telephone:	Call us on 1300 303 908 or Sydney (02) 9299 5800
Email:	pacific@easymarkets.com
Website:	www.easyMarkets.com.au
Facsimile:	(02) 9299 6800

3. What is easyMarkets?

easyMarkets forms part of the Blue Capital Markets Ltd. Group which currently operates in Europe and Asia Pacific. The Blue Capital Markets Ltd was founded by a group of bankers, forex and internet experts and offers traders direct access to the global currency markets and now commodity derivative products.

4. What Products does this PDS cover?

This is a PDS for foreign exchange, financial and commodity derivative products provided by easyMarkets. These are "OTC" products.

Foreign exchange is essentially about exchanging one currency for another at an agreed rate. The exchange rate is the price of one currency in terms of another currency such as the price of the Australian dollar in terms of the US dollar. For

example, if the current exchange rate for the Australian dollar as against the US dollar is AUD/USD 0.7500, this means that one Australian dollar is equal to, or can be exchanged for, 75 US cents.

easyMarkets products do not result in the physical delivery of the underlying asset but are cash adjusted or closed by the client taking an offsetting opposite position i.e. there is not a physical exchange of one currency for another. Positions will always be closed and the client's account will be either credited or debited according to the profit or loss of the trade. Should a transaction be held to expiry [i.e. the nominated forward date] then it is cash settled according to the closing price of that currency, as quoted by easyMarkets, on that particular day.

Foreign exchange

Day-Trading:

A Day-Trading transaction is a currency exchange deal which renews automatically every night at 22:00 (GMT time) starting the day the deal is made and until it ends. The deal ends in one of the following events:

- Termination initiated by you.
- The Day-Trading rate has reached the stop loss or take profit rate you predefined.
- The deal end date.

Forward Contracts:

A forward contract is an agreement to buy or sell a specified amount of a commodity or financial instrument at a fixed price sometime in the future.

A forward contract offered by easyMarkets is a currency rate deal where the settlement date is later than two working days after the date of entering the transaction (under the Corporations Act 2001, these products are classified as "derivatives").

Each transaction agreed and entered into with a client will be entered into as principal. easyMarkets will be making a market in its products as it will regularly state the price at which it is prepared to deal with the client as principal.

Commodities:

The Commodities Tab on the easyMarkets online trading platform allows the client to trade both energy and soft commodities. These commodities are traded in a similar manner as a futures contract, quoted in US dollars and with a distinct monthly or quarterly expiry. Trading hours are daily apart from a three hour break

each night and the deals renew automatically, every night at 22:00 hours (GMT time) unless specified at the time of placing the deal.

Example:

To illustrate how a commodity derivative is traded, let's assume that you believe that Oil prices are set to rise. Using the easyMarkets trading platform you place a trade to buy the US standard for Oil Trading, WTI (West Texas Intermediary). The amount that you wish to trade is 2500 barrels of Oil at the current market price of USD 88.00. In order to execute this trade you can set the maximum amount (margin) you are prepared to risk, say USD 2,500 (approx. AUD 2,497 assuming an exchange rate of 1.0010 between the US dollar and the Australian dollar). The amount of margin that you select (in this case USD 2,500) will determine the rate at which your stop loss order will be triggered. By increasing or decreasing this margin amount, the stop loss rate will also increase or decrease. Thus, in this example, the amount of USD 2,500 will be converted from an amount of loss you are prepared to accept, in dollar terms, to a stop loss rate set at USD 87.00. This is a guaranteed stop loss (for further explanation of this guarantee, please see the Significant Benefits section of this PDS). Should the market fall to this price, your stop loss order will be triggered and you will lose the amount you were prepared to risk (USD 2,500), no more. Now let's look at what happens if the deal closes at various prices:

- The Oil price falls to USD 87.00. In this case the deal has been terminated because your pre-defined stop loss has been triggered resulting in a loss of USD 2,500 or AUD 2,497 as per our previous calculation.
- At the time of expiry, Oil is traded at 87.80. In this case you lose USD 500 or AUD 499.50. This amount is based on a 20 cent difference between the entry and exit price multiplied by the number of barrels and then divided by the exchange rate between the US and Australian currency (again assuming an unchanged exchange rate of 1.0010 cents).
- The Oil price at expiry is USD 89.10. In this case you have a profit of USD 2,750 or AUD 2747.25. The amount is the difference between the entry and exit price of your trade, (in this case a difference of USD 1.10) multiplied by the number of barrels and then divided by the exchange rate (again assuming an unchanged rate of 1.0010).
- It should be noted that the last two examples assume that you decide to hold the Oil position till expiry. This does not necessarily have to be the case. Like all easyMarkets products, you may close your positions at any time should it be in profit or loss.

Indices

Clients of easyMarkets can also trade indices on the world's largest stock markets including the Dow, SPI, FTSE and ASX 200. These indices are traded as CFD's (contract for difference). Like forex, CFD trading is cash-settled. Please visit our website for the trading hours of each index.

Options

A buyer of an option acquires the right but not the obligation to buy (a "call") or sell (a "put") while a seller of an option assumes the obligation to buy (a "call") or sell (a "put") a specific amount of one currency for another at a predetermined price and date in the future. The client specifies that rate at which they want to purchase or sell the currency ("strike price" or "exercise price") and they determine the period of time for the option to exist ("maturity" or expiration date").

To facilitate the buying of an option deal, the client is required to pay an amount ("premium") to easyMarkets. Paying the premium allows the client to keep the option until its maturity date, or to sell it back at any given point of time prior to its maturity. To facilitate the selling of an option deal, easyMarkets is required to pay an amount ("premium") to the client, while the client is required to post an amount ("margin") as collateral. Posting the margin allows the client to keep the option until its maturity date, or until the margin amount equals the premium received (Stop Loss) or to buy it back at any given point of time prior to its maturity. easyMarkets determines the price of the premium at which we are willing to grant the option, based on the current rates, nominated delivery and expiry dates, the nominated strike rate and option style.

Options traded with easyMarkets are European options which means that the options can be traded at any time before expiry but are exercised only at expiry. If an option remains open in your account until its expiry date, it is cash settled. If the option is in-the-money or the sold option is out-of-the-money, you receive a cash profit rather than an open position in your account.

Each transaction agreed and entered into with a client will be entered into as a principal. easyMarkets will be making a market in its products as it will regularly state the price at which it is prepared to deal with the client as principal.

When trading easyMarkets products you should be aware of the risks and benefits (as set out in this PDS). Examples of how easyMarkets day trading, forward and option contracts can be traded are provided in Section 7 of this PDS. The examples provided in Section 7 of the PDS are only provided for illustrative

purposes and use figures which attempt to demonstrate how the relevant easyMarkets products work. Those figures do not necessarily reflect easyMarkets' or your personal circumstances and do not restrict in any manner the way in which easyMarkets may exercise its power or discretions. These examples do not constitute general or personal financial product advice to any person reading the PDS.

5. Purpose of easyMarkets Products

Foreign exchange exposures may arise from a number of different activities.

A person going on a holiday to another country has the risk that if that country's currency appreciates against their own, their trip will be more expensive.

An exporter who sells its product priced in foreign currency has the risk that if the value of that foreign currency falls then the revenues in the exporter's home currency will be lower.

An importer who buys goods priced in foreign currency has the risk that the foreign currency will appreciate thereby making the cost, in local currency terms, greater than expected.

In each of the above examples, the person or the company is exposed to currency risk.

Currency risk is the risk that arises from international travelling or business which may be adversely affected by fluctuations in exchange rates. easyMarkets offers its clients the facility to buy or sell foreign exchange products to manage this risk.

This enables clients to protect themselves against adverse currency swings, yet secure enhanced exchange rates when offered, thereby protecting the profit margin made by the corporate during the business transaction relating to the foreign currency trade or protecting the cost of the client's international holiday in the case of the traveler.

easyMarkets products may also be used for speculative purposes. A client may take a view of a particular market (being a Currency, Commodity or Index) or the markets in general and therefore invest in our products according to this belief in anticipation of making a profit.

6. How are Prices for easyMarkets Products Calculated?

The calculation of the price to be paid (or the payout to be received) for products offered by easyMarkets, at the time the contract is purchased or sold, will be based on the mid-rates received by our pricing providers.

The calculation will include a spread in favour of easyMarkets and may differ from prices available in the primary or underlying markets where contracts are traded. easyMarkets acts as a market maker and not a broker and makes its earnings from the spreads that are embedded in the rates. The spread is the difference between the rate at which we buy and sell the financial instruments and the rate that you deal on as provided by us to you. Different spreads are used depending on the value of the transaction, the markets traded and the type of account as selected by you. easyMarkets earns its income from the spread that we apply to our Products.

Contract payouts shall be determined by easyMarkets by reference to the daily values reported on our website as provided by our pricing providers. easyMarkets reserves the right to make corrections to such data in the event of mis-priced or typographically incorrect data.

easyMarkets does not provide a market amongst or between clients for investments or speculations. Each Product purchased (or sold) by a client is an individual agreement made between that client and easyMarkets as a principal and is not transferable, negotiable or assignable to or with any third party.

7. How are the easyMarkets Products Traded?

easyMarkets provides its own online, mobile and desktop trading platforms, enabling clients to trade with our products. Additionally third party platforms, including MT4, can be connected via API to easyMarkets' trading systems.

MT4 is a software based platform designed for advanced traders looking for extensive technical analysis tools. For further information on MT4 please refer to our standard Client Agreement available on easyMarkets' website and the other sections of this PDS.

As stated in section 4 above, the foreign exchange products offered by easyMarkets are Day Trading and Forward Contracts. Let's look at some examples.

Day Trading:

The Day-Trading zone on the easyMarkets online trading platform allows you to perform daily currency rate deals on all major currencies such as AUD/USD and EUR/USD, cross currencies such as EUR/JPY and GBP/AUD and traditional mediums of exchange, notably GOLD (XAU/USD) and SILVER (XAG/USD). The deal renews automatically, every night at 22:00 (GMT time), until the deal ends as specified on each deal.

Example

Let's assume that you believe that the AUD will rise compared with the USD. You want to buy USD 250,000 worth of AUD and are willing to risk AUD 1,250. You could purchase a Day trading deal as follows; Buy AUD and Sell USD at an exchange rate of 1.0317 USD per AUD. By selecting the AUD 1,250 as the amount you are willing to risk, automatically, a stop loss order is generated at a rate of 1.0264. This AUD 1,250 is the maximum amount you could lose, nothing more. At the exchange rate of 1.0317, USD, 250,000 equals AUD 242,318 at the automatic stop loss exchange of 1.0264, USD 250,000 equals AUD 243,570 which is within the maximum at risk AUD 1,250. Remember we are looking for the AUD to appreciate against the USD.

Let's examine what happens when the deal ends, at various exchange rates:

- The exchange rate is 1.0240. In this case, the deal has been terminated at your pre-defined stop loss of 1.0264. You have lost AUD 1,250, the amount you were willing to risk. It is worth noting that without the stop loss your losses at this rate would be AUD 1,822 which is the difference between USD 250,000 converted at 1.0317 (AUD 242,318) and USD 250,000 converted at 1.0240 (AUD 244,140).
- The exchange rate is 1.0290. In this case, you lose only AUD 635.82. This amount is the difference between USD 250,000 converted at 1.0317 (AUD 242,318.50) and USD 250,000 converted at 1.0290 (AUD 242,954.32).
- The exchange rate is 1.0410. You have made a profit of AUD 164.31. This amount is the difference between USD 250,000 converted at 1.0317 (AUD 242,318.50) and USD 250,000 converted at 1.0410 (AUD 240,154).

Forward Contract:

Forward foreign exchange contracts are generally used by importers, exporters and investors who seek to lock in exchange rates for a future date in order to hedge their foreign currency cash flows. However, it is not only hedgers who can benefit from forward contracts. Any person may purchase a forward contract, if

he / she is prepared to take a risk for the possibility of making a profit or incurring a loss.

The forward contract trading zone on the easyMarkets online trading platform allows a client to perform future currency rate deals. If the client does not close the deal, it will exist until its pre-set date of maturity, or until the stop loss, take profit or limit price reaches the pre-determined rate, whichever comes first.

Example

Let's assume that you are in the Import-Export business and are uncertain and concerned about future fluctuations in currency exchange rates and you have contracted to purchase inventory for the price of USD 100,000 payable in 30 days' time.

At easyMarkets you can lock in a specific future exchange rate, in order to avoid the unknown impacts arising from exchange rate fluctuations. For example, you are worried about increase of the USD compared to the Australian dollar.

You want to ensure the rate for a purchase of USD 100,000 at a later date, say 30 days from today (you may actually select a date that can be any business day up to three months from today's date). You could purchase a forward contract, buying USD 100,000 and selling Australian dollars, dated 30 days from today at USD 0.9986 per Australian dollar.

First of all, you enter into a forward contract and have ensured the exchange rate of 0.9986 for the date 30 days from today. Nothing can change that. Let's assume you have entered a pre-defined stop loss order at say, 1.0189. Let's examine what happens when the deal ends, at various exchange rates:

- The exchange rate sometime during the pre-set period of 30 days, reached 1.02. In this case, the deal has been terminated at your pre-defined stop loss rate of 1.0189. You have lost AUD 1,995.13, the amount you were willing to risk. This amount is the difference between USD 100,000 converted at 0.9986 (AUD 100,140.19) and USD 100,000 converted at 1.0189 (AUD 98,145.06).
- The exchange rate at the specified date is 1.0050. In this case, you lose only AUD 637.70. This amount is the difference between USD 100,000 converted at 0.9986 (AUD 100,140.19) and USD 100,000 converted at 1.0050 (AUD 99,502.49).
- The exchange rate at the specified date is 0.96. You have made a profit of AUD 4,026.47. This amount is the difference between USD 100,000

converted at 0.9986 (AUD 100,140.19) and USD 100,000 converted at 0.96 (AUD 104,166.66).

In the examples above, if this was a hedging transaction, the loss (or profit) on the forward contract would be offset against the lower (or higher) price you physically had to pay for the equipment based on the exchange rate in 30 days' time.

You cannot trade forward contracts on the TradeDesk™ or MT4 platforms.

Option contract:

Let's assume that you are uncertain and concerned about future fluctuations in currency exchange rates. You want to ensure a foreign exchange rate for a period of time, say 30 days from today (you may actually select a date, which could be any business day up to a year from today's date).

You could purchase an option, ensuring that you'll be able to buy EUR 100,000 (buy a EUR call) and sell USD (or buy a USD put), for the next 30 days, at a certain pre-defined rate that you determine (strike price), say 1.3550 EUR per USD. The premium for that option is, say USD 230.

First of all, you have bought an option and have ensured the exchange rate of 1.3550 for the period ending 30 days from today. Nothing can change that. Such assurance has cost you, at the most, the original USD 230 premium you have paid.

The option ends when you either materialise (or exercise) your pre-defined rate, sometime during the "open" period, or at the end of the pre-defined period (the maturity or expiration period).

Let's examine what happens when the deal ends at various scenarios:

1. You keep the option for the whole period, up to its date of maturity:
 - a) The spot rate is 1.3736. You realise a profit of USD 1,507 (net profit of USD 1,277 after deducting the premium paid of USD 230).
 - b) The spot rate is 1.3132 (actually any rate lower than your strike of 1.3550) – you lose the premium you paid of USD 230.
2. You may always close the option position during the period, before the pre-defined 30 days. The results (the amount you get) shall reflect the difference between the spot rate at that time and your pre-defined strike, as well as value for the time remaining to maturity. For example, the day before the

option is due to expire, the spot rate is 1.3590. You decide to materialise (or exercise) as you are concerned with what may happen in the next day and you realise a profit of USD 400 (net profit of USD 170 after deducting the premium paid of USD 230). In this case, as there is only one day left to maturity, there is little or no time value.

If you choose to sell an option, assuming the responsibility to buy EUR 100,000 (sell a EUR call) and sell USD (or sell a USD put), for the next 30 days, at a certain pre-defined rate that you determine (strike price), say 1.3550 EUR per USD. The premium for that option is, say USD 230 and the margin is, say USD 1,507 USD.

By selling this option, at the strike price of 1.3550 for the period ending 30 days from today, you can at most either earn USD 230 (premium received) or at most lose the margin amount.

The option ends when you either buy it back before the expiry, or the fluctuating premium equals the margin amount or at the end of the pre-defined period (expiration).

Let's examine what happens when the deal ends at various scenarios:

1. You keep the option for the whole period, up to its date of maturity:
 - a. The spot rate is 1.3736. You will realise a loss of USD 1,507 (net loss of USD 1,277 after accounting for the premium received of USD 230).
 - b. The spot rate is 1.3132 (actually any rate lower than your strike of 1.3550) – you secure the premium you received upfront of USD 230.
2. You may always close the option position during the period, before the predefined 30 days. The results (the amount you get) shall reflect the difference between the spot rate at that time and your pre-defined strike, as well as value for the time remaining to maturity. For example, the day before the option is due to expire, the spot rate is 1.3590. You decide to materialise (or exercise) as you are concerned with what may happen in the next day and you realise a loss of USD 400 (net loss of USD 170 after account for the premium received of USD 230). In this case, as there is only one day left to maturity, there is little or no time value.

8. Margin Obligations

Forward contacts will be subject to margin obligations.

Initial margin means the initial deposit (an upfront payment) of funds required by easyMarkets to cover the risk to easyMarkets and as security for the client's obligations. Furthermore, additional margin (also known as variation margin)

may be payable in the event of adverse market movements to keep the position open.

Positions are monitored by easyMarkets on a mark to market basis to account for any market movements. If the value of the position moves against you then you will be required to "top up" the initial margin and, if so, you will be subject to a margin call i.e. to pay additional margin (automatically from your easyMarkets account).

Our margining policy is summarised as follows:

In the case of forward contracts, the initial margin immediately payable is determined by easyMarkets to be between 2% - 5 % of the face value of the contract.

You must be in a position to fund such requirements at all times or your position may be closed out by easyMarkets when the mark to market value of your account reaches zero (0).

It is also important to note that margin calls will be made on a per transaction basis i.e. should you have several open positions, then additional or variation margins (margin calls) are performed on each exposed position and not netted across the group of open transactions. In other words, the unrealised profits of one transaction cannot be used to offset the unrealised losses of another transaction.

You will only be allowed to deal in and maintain positions on the basis of cleared funds being provided for your margin obligations. Margin calls can be made by easyMarkets at any time and in any manner (e.g. by phone, email, SMS or electronic means via your platform) and you are responsible for ensuring that they are met.

easyMarkets has the right to limit the size of your open positions, whether on a net or gross basis under any circumstances as determined by us. easyMarkets also has the right to refuse any request made by you to place an order to establish a position at any time at easyMarkets' discretion without having to give you notice.

If you are using the MT4 platform provided by easyMarkets then the margin obligations will differ from our web-based and TradeDesk platforms. If the equity balance in your account falls below 70 percent of your margin requirement you

will be notified automatically of a margin call. At 30 percent of your equity balance the MT4 system will automatically start liquidating positions with the largest losses closed first in order to free up additional margin. This process is electronic and easyMarkets does not actively monitor your positions or account. Additionally, we may change the margin requirements at our discretion during periods of increased volatility.

9. Costs of our Products

easyMarkets do not charge fees or commissions when buying or selling our products. We act as a market maker, and makes our earnings from the spreads that are embedded in the currency rates or commodity prices.

As discussed in section 8 of this PDS, where you enter a forward contract in our forex product you will be required to pay initial margin and may be required to pay additional margin in the event of adverse market movements against your position. Such payments are not costs but are cleared funds required by easyMarkets to cover our risk and as security for the client's obligations.

The margin amounts are payable into the easyMarkets client money account and are held and used in accordance with the Corporations Act 2001 requirements and our agreed Client Agreement. All interest that may accrue on the client money account is kept by easyMarkets.

You will be charged a renewal fee with respect to Day Trading transactions. As long as the deal is open, it is charged a renewal fee of 1 USD to 2 USD per USD 10,000 deal face value, depending on the total volume of trade every night at 22:00 (GMT time).

10. Client Agreement

The easyMarkets Client Agreement govern the contractual relationship between easyMarkets and the client. These must be acknowledged and accepted via our website before you can trade with us. The Client Agreement set out the basis on which future transactions will take place and the obligations of both easyMarkets and the client when accessing and trading on the trading platform. However, entering into the Client Agreement does not itself constitute a trade or in any way oblige you to enter into future transactions. This is always your decision.

easyMarkets may in its discretion amend or vary the Client Agreement or withdraw in whole or in part any account provided by easyMarkets to you.

easyMarkets products are offered solely on the basis of the information and representations contained in this PDS, and any supplementary PDS, the easyMarkets Client Agreement as amended from time to time, the Financial Services Guide (FSG), any supplementary FSG and any other information or representation however provided and conveyed to you.

11. How do your Orders get Executed and Confirmed?

You must follow the following steps to effect orders with easyMarkets:

1. Read this Product Disclosure Statement and the Financial Services Guide;
2. Read, acknowledge and accept the Client Agreement contained on the website at www.easyMarkets.com.au by ticking the box on the web site;
3. Set up an account with easyMarkets in accordance with the steps contained on the website at www.easyMarkets.com.au;
4. Based on the quotations, you will enter into a contract with easyMarkets using the online trading platform;
5. You will receive an electronic confirmation from easyMarkets (which gives details of the transaction);
6. You can access details of your account any time online.

By going through the steps you acknowledge to easyMarkets that you:

- Are aware that investing in easyMarkets products carries a high level of risk and due to the potential volatility and fluctuations in these markets you could sustain a total loss of the amount that you deposit with easyMarkets to establish or maintain a contract or sustain significant losses;
- Have given consideration to your objectives, financial situation and the significant risks of loss associated with dealing in the products offered by easyMarkets and have formed the opinion that dealing in those products is suitable for your purposes;
- Received a recommendation from easyMarkets to consult your financial advisor or obtain other independent advice before trading in the products referred to in this PDS;
- Have obtained appropriate and sufficient advice concerning the terms of this PDS, the Client Agreement and the FSG;
- Have consented to easyMarkets collecting, maintaining, using and disclosing personal information about you and provided by you for another person as described in Section 16 and;

- Have received or downloaded this PDS, the Company Client Agreement and the FSG and read and have understood them.

12. Significant Benefits of the easyMarkets Products

easyMarkets products such as forward contracts and options provide an important risk management tool for those who manage foreign currency exposures. The significant benefits of using foreign exchange products offered by easyMarkets are to protect your exchange rate and provide cash flow certainty. Other benefits of using easyMarkets apply equally for a client as a risk management tool or for the client who is a trader or speculator and these are described below.

12.1 Protect an Exchange Rate or Derivative Price

easyMarkets provides online trading platforms that enables clients to trade in derivatives and foreign exchange rates over the internet. This facility provides clients with direct access to our system to enable them to buy and sell rates to protect themselves against adverse market swings.

easyMarkets also offers clients a way of managing volatility by using stop loss orders that enable clients to protect themselves against adverse market swings yet secure enhanced market rates when offered. Clients can reduce downside risk by the use of stop loss orders if the exchange rate reaches a particular level. In addition, clients may also use limit orders which allow clients the opportunity to benefit from favourable upside market movements.

12.2 Provide cash flow certainty:

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

In addition to using easyMarkets products as a risk management tool, clients can benefit by using derivative products offered by easyMarkets to speculate on changing exchange rate or commodity price movements. You may take a view of a particular market or the markets in general and therefore invest in our products according to this belief in anticipation of making a profit.

The significant benefits of using derivative products offered by easyMarkets as a trader or a speculator (and for the client seeking to use the easyMarkets product as a risk management tool) are as follows:

12.3 Trade in small amounts

The easyMarkets system enables you to make transactions in small amounts. You can start using easyMarkets even with a deposit margin as little as USD 25. When trading in a derivative product offered by easyMarkets you may deposit the sum that suits you, or the amount which is in line with the amount you are willing to risk. With easyMarkets you are in full control of your funds.

12.4 Access to the markets at any time

When using easyMarkets you gain access to a highly advanced and multi-leveled system which is active and being updated 24 hours a day. You can control your accounts and positions 24 hours a day.

12.5 Making deposits with your credit card

easyMarkets was the first foreign exchange product platform to allow a client to deposit margins online with a credit card. This means you are able to lodge your deposits at any time, regardless of banking hours. Please note that the initial deposit when establishing an account via credit card is limited to USD 1000.

easyMarkets cares about protecting your privacy as well as your security, and does so in a professional and serious way. We use the latest technologies and regulations in order to provide security shield for your credit card and privacy. Please read our Client Agreement.

All clients secured card details are not stored by easyMarkets as these are captured using a Secured Hosted Payment Page provided by Global Collect Services B.V. and cleared through CBA. easyMarkets only stores in its systems the last 4 digits of the card used for depositing funds.

12.6 Competitive spreads, no commissions

With easyMarkets you do not pay commissions for the trades you enter. We act as a market maker, not as a broker, and makes our earnings from the spreads that are embedded in the rates. In the "Day trading" zone you may roll over your positions and then you pay a renewal fee. For a further explanation of the renewal fee please refer to Section 9.

12.7 Real time streaming quotes

The easyMarkets high-edge system uses the latest highly sophisticated technologies in order to offer you up-to-the-minute quotes. You may check your accounts and positions in real time and you may do so 24 hours a day and make a trade based on real-time information. easyMarkets believes it is highly important for you to be able to control your funds whenever you wish and base your deals on real-time information.

12.8 Guaranteed Stop Loss

A guaranteed stop loss or "GSL" order as it is commonly referred to, is an order that, once executed, limits your absolute worst-case scenario (loss) when trading any products with easyMarkets. It is designed to enable you to quantify the exact amount you are prepared to risk i.e. the amount you are prepared to lose on any particular trade. The amount may be selected in dollar terms or you may select a rate. Where you select a dollar amount, this will be automatically converted into a stop loss rate to enable the GSL order to include a rate.

Thus, a GSL order is useful in limiting your loss, particularly if you are trading a market that has a tendency of gapping. If the market "gaps" through your GSL order level, then we guarantee that your position will be closed out at the amount (or rate) specified by you. We guarantee this on the basis that we have implemented systems and procedures that will automatically close out a position when the value of the loss reaches the amount specified by you or the rate specified by you. Therefore, this means that in all cases you will not suffer any slippage. (Slippage is the difference between the order price at which a trader expects his trade to be filled or executed and the price at which they are actually filled).

Example

A client after opening a trade can reduce their stop loss to a maximum price that is 0.2% away from their original entry price and thereby minimise their potential loss. For example, if you should purchase EUR/USD at 1.3550 you will be able to adjust your stop loss to a price of 1.3520 and thereby minimise your potential loss should the market move against you. This is a guaranteed stop loss. Furthermore, should the market move in your favour and say rise to 1.3590 you will be able to adjust your stop loss to 1.3560 which is above your entry price of 1.3550 and therefore guarantee a profit on this trade should the market fall back to 1.3560 and you have not amended your stop loss.

A GSL order will be executed either at the exact exchange rate or the exact amount of loss declared by you. This transaction will be executed as soon as the

distinctive ("indicative") exchange rate, including the Company's spread, is either identical to the order given by you, or indicates an identical amount of loss (in dollar terms) declared by you. For example, let's assume that you place an order to buy AUD against the USD. The amount you decide to trade is AUD 50,000 at a price of 0.9980. At the time that you place the order you also place a GSL at a rate of 0.9940 ensuring that your maximum loss will be AUD 401.81. Should the AUD fall against the USD and the price reaches 0.9940, the GSL order will be executed and you will incur a total loss of AUD 401.81. Additionally, should the market gap for some reason (either due to economic or major political news) your loss will still only be AUD 401.81 since easyMarkets will execute the GSL at the best price available and we guarantee your GSL rate of 0.9940 by only booking a loss of AUD 401.81 to your trading account.

To further illustrate how this GSL order will be executed by easyMarkets, let's assume that the client has their stop loss at 0.9940 and that their personal spread is 4 pips. If the spread provided to easyMarkets by its liquidity provider is Bid 0.9941 and the Offer is 0.9943 then we will determine the mid-rate to be 0.9942. Since the client's spread is 4 pips that would mean that their personal spread would be 2 pips on either side of the midrate and therefore their Bid rate is 0.9940 and their Offer rate is 0.9944. If the rate of 0.9942 is then traded or easyMarkets' liquidity provider shows us an offer rate of 0.9942, we will execute the client's stop loss of 0.9940 taking into consideration the client's personal spread. This forms the basis of our Guaranteed Stop Loss feature.

12.9 Full control over your account and positions

With easyMarkets you are able to control your costs and risks. At easyMarkets we believe your financial activities should be under your full control. If using our proprietary platforms, easyMarkets uses the latest technologies in order to ensure your stop loss orders are filled. easyMarkets is committed to the principle that you never lose more than what you are prepared to risk. Please see our Client Agreement.

Moreover, easyMarkets will watch the market fluctuations for you. When you open a limit order you set your preferred exchange rate for a deal. When and if the market price reaches the rate you defined, easyMarkets will automatically execute the deal for you. Similarly, if you have an open position but are not currently accessing the trading platform, you can set a take profit at your preferred rate. When and if the market price reaches the rate you defined, easyMarkets will automatically close out your open position for you to realise a profit.

12.10 No software download

The easyMarkets trading platform enables users to start trading immediately. Unlike other online trading platforms, easyMarkets eliminates the need to download proprietary software.

12.11 Tailor-made conditions for frequent traders

The spreads in our trading platform assume deals of small, up to medium amounts. If you are a frequent user of the easyMarkets platform and wish to trade with medium up to large amounts, please do not hesitate to contact us by mail or telephone to enable us to provide you with tailor-made trading conditions.

13. Significant Risks Explained

You should be aware that trading in the derivative products offered by easyMarkets involves risks. It is important that you carefully consider whether trading our products is appropriate for you in light of your investment objectives, financial situation and needs.

The following is a description of the significant risks associated with trading derivative products offered by easyMarkets:

13.1 Derivatives Risks Generally

The risk of loss in trading in derivatives contracts can be substantial. You should carefully consider whether our products are appropriate for you in light of your personal and financial circumstances. In deciding whether or not you will become involved in trading derivatives, you should be aware of the following matters:

- You could sustain a total loss of the amount that you deposit with easyMarkets to establish or maintain a contract.
- If the market moves against your position, you will be required to immediately deposit additional funds as additional margin in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds easyMarkets will close your positions when the mark to market value of your positions reach zero.
- Under certain market conditions, it could become difficult or impossible for you to manage the risk of open positions by entering into opposite positions in another contract or close existing positions.
- Under certain market conditions the prices of contracts may not maintain their usual relationship with the underlying market.

- The products offered by easyMarkets involve risk. However, if you place a contingent order such as a stop loss order, this will limit your loss. A stop loss which you place with us shall be executed either at the exact rate declared by you or at the exact amount of loss, in dollar terms, declared by you. A transaction of this nature shall be executed as soon as the distinctive ("indicative") rate is found on the financial information systems which, including easyMarkets' spread, is either identical to the order given by you, or indicates an identical amount of loss, in dollar terms, declared by you. A stop loss order placed by you is a risk management technique you can implement and we guarantee that you will lose no more than the amount you have declared or selected. In this regard we refer you to section 12 of this PDS under the heading "Guaranteed Stop Loss" for additional information.
- A "spread" position (i.e. the holding of a bought contract for one specified date and a sold contract for another specified date) is not necessarily less risky than a simple "long" (i.e. bought) or "short" (i.e. sold) position. Furthermore a "spread" may be larger at the time you close out the position than it was at the time you opened it.
- The high degree of leverage that is obtainable in trading the products offered by easyMarkets because of the small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. The impact of leverage is that even a slight fluctuation in the market could mean substantial gains when these fluctuations are in your favour, but that could also mean considerable losses if the fluctuations are to your detriment. Trading in the products offered by easyMarkets may result in the total loss of the amount you deposited with easyMarkets and in the case of MT4 users, a loss greater than what was initially deposited.

13.2 Market Volatility

Products traded on our platforms are subject to many influences which may result in rapid price fluctuations.

Given the potential levels of volatility in these underlying markets, it is therefore recommended that you closely monitor your positions with easyMarkets at all times. Due to such volatility, no product offered by easyMarkets may be considered as a safe trade.

However, easyMarkets offers clients a way of managing volatility by working orders. Clients can reduce downside risk by the use of stop loss orders where easyMarkets will close your position if the price reaches a particular level. In addition, clients may also use take profit orders which allow clients the

opportunity to benefit from favourable upside market movements. Take profit orders are like stop loss orders but lock in profits rather than losses.

A Pending order is an instruction by you to easyMarkets to buy or sell a Product at a specific price. Customers leave such orders with us to take advantage of favourable price movements that may occur when they may not be able to monitor the rates themselves or during overnight markets when they are asleep. Similarly to guarantee stop loss orders, you can specify an amount, in dollar terms, at which point you wish to realise a profit or you can specify a rate. If you chose to specify a dollar amount, this will be automatically converted into a rate to enable the limit order to include a rate.

You should be aware that you may be exposed to foreign exchange risk if the product you are trading is not denominated in the base currency of your account (i.e. AUD). You are exposed to currency risk as the unrealised profit or loss from your transaction will be affected by fluctuations of foreign exchange rates.

The risk of loss will be increased where you borrow to acquire the product as the total loss which may be incurred will be the loss on the Product together with the amount you borrowed.

13.3 Liquidity Risk

In some conditions it may be difficult or impossible for you to close out a position. This can happen, for example when there is a significant change in the price, value or rate of an underlying currency, stock or commodity over a short period of time. This may give rise to substantial losses.

13.4 Counterparty Risk

As described in section 1 of the PDS, given you are dealing with easyMarkets as counterparty to every transaction, you will have an exposure to us in relation to each transaction if we are not ready, willing or able to meet our obligations, for example, if easyMarkets were to become insolvent. This is common to all OTC financial market products.

You should satisfy yourself that easyMarkets is able to meet its obligation to you. You can assess easyMarkets' financial ability to meet its counterparty obligations by reviewing its financial statements. Should you wish to be provided with a copy of the most recent audited Balance Sheet and Profit and Loss Statement of easyMarkets for you to review then please request this information directly from us and we will provide it free of charge.

You are reliant on easyMarkets' ability to meet its counterparty obligations to you to settle the relevant contract. easyMarkets limits this exposure by hedging its exposure to its clients by entering into opposite transactions as principal in the wholesale market in relation to its exposures with clients. easyMarkets is then exposed to counterparty risk with that hedging party.

easyMarkets' policy to manage our exposure to market risk from client positions is to offset (hedge) all of its clients trades with its parent company, Blue Capital Markets Ltd i.e. on a back-to-back basis. Thus, there is limited risk to easyMarkets.

An account with easyMarkets is not insured or guaranteed by the Australian government or any other entity. Consequently, should we become insolvent there is no guarantee that your account will maintain its value (however, please refer to the section below entitled "Clients Money" for further clarification).

13.5 Opportunity Cost

Once you have locked in your price you will not be able to take advantage of subsequent favourable rate/price movements should that occur, in relation to your existing contract. On the other hand, you will be protected from any future adverse movements.

13.6 Substantial Losses

If prices move against your position, you will be required to top up your account with sufficient funds to maintain your position. If you fail to maintain the required account balance your position will be closed out by easyMarkets with resultant loss. You could sustain a total loss of the net amount that you deposit with easyMarkets to establish or maintain a position (including "top up" amounts).

In the case of MT4 users, any resultant loss will be debited to your account. If the available funds in your account are not sufficient to fully satisfy your obligations to easyMarkets, you will be required to pay the shortfall, as well as any costs or charges which we may incur in recovering the shortfall from you. This means that you may lose more than you have deposited with us and you will be liable to us for the additional amount. To be clear, you should be aware that your losses are not limited to the amount of funds you have lodged with us. Should your open position not be able to be closed when your account balance has reached zero then the account balance will become negative.

13.7 Leverage

Leverage enables the client to outlay a relatively small amount (or initial margin) to secure an exposure to the underlying currency or commodity without having to pay the full price of holding the physical currency or commodity. Trading on a margined basis is one of the riskiest forms of investment available in the financial markets. Leverage gives the user the ability to take a greater level of risk for a smaller initial outlay, thus, amplifying the risks and rewards. However, leverage also increases risks and can magnify losses. Leverage increases the risk that even small adverse movements in the value of the underlying asset can lead to losses.

Given the possibility of losing an entire investment (or more in the case of MT4 users), speculation in these products should only be conducted with risk capital, which if lost will not significantly affect your standard of living.

13.8 Market Information

easyMarkets may make available to you through one or more of its services, a broad range of financial information that is generated internally or obtained from agents, vendors or partners ("Third Party Providers"). This includes, but is not limited to, financial market data, quotes, news, analyst opinions and research reports, graphs or data ("Market Information").

Market Information provided by us by email or through our website is not intended as advice. We do not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. easyMarkets and its Third Party Providers do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.

Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither easyMarkets nor the Third Party Providers are obligated to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.

13.9 Systems Risks

easyMarkets relies on a number of technology solutions to provide you with an efficient trading platform. In this regard easyMarkets relies on the Blue Capital Markets Ltd Group to ensure the systems are updated and maintained. The Blue Capital Markets Ltd. Group has been operating the trading platform since 2001 and is totally conversant with the needs of clients.

A disruption to the easyMarkets trading platform may mean you are unable to trade in any of the products offered by easyMarkets when desired and you may suffer a loss as a result. An example of disruption includes the "crash" of our computer based trading system.

13.10 Use and Access to the Website

You shall be responsible for providing and maintaining the means by which to access the easyMarkets website, which may include without limitation a personal computer, modem and telephone or other access line.

While the internet and the World Wide Web are generally reliable, technical problems or other conditions may delay or prevent you from accessing the easyMarkets website. If you are unable to access the internet and thus, our trading platform, it will mean you are unable to trade in any product offered by easyMarkets and therefore you may suffer a loss as a result.

Furthermore, in unforeseen and extreme situations, easyMarkets reserves the right to suspend the operation of our website or any part or sections of it. In such an event, easyMarkets may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable at such a time.

easyMarkets may impose volume limits on client accounts, at its sole discretion.

13.11 Not a regulated market

The Products offered by easyMarkets are OTC products and thus, are not traded on a regulated exchange. This means they are not covered by the protections for exchange-traded products arising from domestic or international exchange rules (such as guarantee or compensation funds).

13.12 Clients' Money

Money paid to easyMarkets in connection with a financial service or a product offered by us will be paid into an account designated as a client money account, with an Australian bank, no later than the next business day after it is received. Only such money, interest and other money permitted by the Corporations Act will be paid into this client money account. The client money is taken to be held in trust by easyMarkets for the benefit of the client. This means that those funds are segregated from our own funds and are not available to pay general creditors of easyMarkets in the event of receivership or liquidation of easyMarkets.

For money deposited in our client money account, the client is required to acknowledge as part of our Client Agreement that:

1. Individual client accounts are not separated from each other;
2. All clients funds are co-mingled into the one client money account;
3. The client money provisions as per the Corporations Act 2001 may not insulate any individual client's funds from a default in our client money account if such a default were to occur. Such a default may arise from any clients trading (i.e. by a client failing to pay for all losses incurred on their accounts); and
4. Assets in the client money account belonging to non-defaulting clients are potentially at risk, even though they did not cause the default. However, in order to alleviate this risk, it should be noted that margins required to meet individual client obligations (i.e. unrealised losses) will not be withdrawn from the client money account until the client has closed out their positions and realised the loss. Only then will we debit the client's loss from his or her deposited margins. It should be noted that easyMarkets uses its own funds to meet any margin obligation with hedging counterparties. Similarly, we will only deposit cash into the client account once the client has closed out their position and realised the profit. Clients will therefore be unable to use unrealised profits as collateral to enter into further positions. Additionally, the use of guaranteed stop losses (refer to section 12 above entitled, Significant Benefits of the easyMarkets products) will also alleviate this risk further (i.e. no default by any client is likely to occur on the basis that we have implemented systems and procedures whereby the potential loss for any one client is limited to the amount deposited into their account with us (other than MT4 users).
5. easyMarkets is entitled to withdraw, deduct or apply any amounts payable to easyMarkets under the Terms of this PDS or the Client Agreement or the Corporations Act 2001. These amounts will generally only be debited from the client money account when a client closes their positions in loss.
6. Payments may be made out of or withdrawn from the client trust account in limited circumstance, including:
 - o payments in accordance with any written direction of the client including a direction included in the Client Agreement to pay fees and other expenses relating to transactions and to settle transactions and to otherwise execute client instructions;
 - o when a financial product is issued or transferred according to client instructions;
 - o to meet proper charges;
 - o to pay easyMarkets money to which it is entitled to;

- to return money to the client;
- to make payments otherwise authorised by Law; and
- making certain investments authorised by the Corporations Act 2001 or Corporations Regulations (for example, an investment on deposit at interest with an Australian authorised deposit taking institution).

We are also permitted to use money belonging to a client to meet the margin obligations of other clients and our own positions. Thus, one client's money deposited in the client money account may be used to satisfy obligations arising from dealing on behalf of another client (or easyMarkets). This exposes each client to counterparty risk i.e. the risk that they may not receive all of the money held by us on their behalf in the client trust account if there is a deficit in the client trust account and we become insolvent or otherwise unable to pay the deficiency. Although we are permitted to do this, easyMarkets, as a matter of policy, has determined it will not do so.

Where a client incurs a loss as a result of entering into a transaction in a product offered by easyMarkets, then at the time that loss is realised (i.e. when the open position is closed out) easyMarkets is entitled to the amount of funds held in the client money account equivalent to the value of the loss.

Following is a description of the timing of cash flows during a typical transaction and when the funds are held as client money and when the funds cease to be held as client money (note this is a simplified example and disregards any fees or charges which may apply):

Day 1:

- Client A opens an account and deposits \$10,000.
- easyMarkets deposits the \$10,000 in its client money account.
- The balance of the client money account is \$10,000.

Day 2:

- Client A decides to buy Gold contracts. Our quote is 1680.10/1680.70. The value of a movement from 1350.10 to 1351.10 is USD 10.00 as the minimum size is 10 ounces of gold.
- Client A opens a transaction, say buy 5 contracts at a price of USD 1680.70 per ounce. This represents a notional value of USD 84,035 (being: buy price (USD 1,680.70) x USD 10 x 5 (number of contracts)). Let's say the margin obligation is the equivalent of AUD 4,000.

- As counterparty to the transaction, easyMarkets sells 5 contracts to Client A at a price of USD 1680.70.
- easyMarkets will then hedge its position with its parent company.

easyMarkets hedges its exposure with its parent company by buying 5 contracts (in its name) at a price of USD 1680.70 and would therefore have a margin obligation to its parent of say, AUD 4,000. Although easyMarkets is permitted pursuant to the Corporations Act to withdraw money from the client money account to meet its obligation to its parent company it does not do so (as a matter of policy) and instead uses its own money. In all cases easyMarkets uses its own money to meet its hedging obligations. The balance of the client money account is therefore still \$10,000.

Day 3 to 5:

- Client A continues to hold an open position;
- The underlying price of gold has decreased and our quote is 1640.20/1640.80 on Day 5.
- The notional value of Client A's open positions is now USD 82,010 (being: sell price (USD 1640.20) x USD 10 x 5 (number of contracts)). Thus, theoretically, Client A's margin obligation has increased by USD 2,025 (being the unrealised loss on the open positions namely, USD 84,035 less USD 82,010 = USD 2,025 which, at an exchange rate of 1.04, equals AUD 2,106).

Similar to Day 2, easyMarkets could withdraw money from the client money account to meet its margin obligation. However, it is the policy of easyMarkets not to use client money but uses its own funds to meet those obligations. The balance in the client money account is still AUD 10,000.

Day 6:

- The underlying price of gold has decreased further and our quote is now 1630.20/1630.80.
- Client A enters into a transaction to close the open positions (by selling 5 contracts to easyMarkets at a price of USD 1630.20) and realises a loss of USD 2,525 (as Client A had originally bought at a price of USD 1680.70) which, at an exchange rate of 1.04, equals AUD 2,626.00.
Client A's account would be debited with the AUD 2,626.00 loss reducing the account balance to AUD 7,374.00.
At this point, easyMarkets is entitled to the AUD 2,626.00 which Client A has lost.

- The current balance of the client money account is AUD 10,000 of which Client A is entitled to AUD 7,374.00 and easyMarkets is entitled to AUD 2,626.00.

Day 7:

- Client A notifies easyMarkets it wishes to close its account. The balance of the account would be \$7,374.00 (being the original deposit of \$10,000 less the loss of \$ 2,626.00).
- easyMarkets transfers \$7,374.00 to Client A from the client money account.

Client A is exposed to the risk that they may not receive all money owed to them, if there is a deficiency in the client money account, and easyMarkets becomes insolvent or otherwise unable to meet the deficiency. Provided easyMarkets remains solvent it will pay from its own funds any shortfall which was to arise.

Please contact easyMarkets if you have further questions about the client money account.

If you are an MT4 user, easyMarkets may withhold any payment of funds if we reasonably consider that the funds may be required to meet any current or future margin requirements on your open positions.

13.13 Risk Capital

In cases where you are speculating, we suggest that you do not risk more capital than you can afford to lose. A good general rule is never to speculate with money which, if lost, would alter your standard of living.

13.14 Superannuation Funds

It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities, which are contained in the Superannuation Industry Supervision Act 1993. The regulations made under that Act and circulars issued by past and present regulators of superannuation funds including the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office.

Without being exhaustive some of the issues that should be considered by Trustees of complying Superannuation Funds include:

1. Prohibitions on borrowing and charging assets and whether dealing in easyMarkets foreign exchange products would breach those borrowing and charging prohibitions;
2. The purpose of dealing in easyMarkets foreign exchange products in the context of a complying superannuation funds whole investment strategy as well as the fiduciary duties and other obligations owed by Trustees of those funds;
3. The necessity for Trustees of complying Superannuation Funds to be familiar with the risk involved in dealing in easyMarkets foreign exchange products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products;
4. The consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to hold complying status.

13.15 Inactivity Fee

Fees are not charged for holding an account with easyMarkets. However should there not be any transactions in your account for a period of twelve months then your account will be considered to be dormant. A dormant account is charged a maintenance fee of \$25 or the full amount of the free balance if less than \$25. Dormant accounts will be reviewed semi-annually. Accounts with zero balance will not be charged a fee but may be closed at easyMarkets discretion.

13.16 Other

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in the foreign exchange products offered by easyMarkets.

14. What do I do if I have a Complaint?

easyMarkets has internal and external dispute resolution procedures to resolve complaints from clients. A copy of these procedures may be obtained by contacting us and requesting a copy or via our website.

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

1. Contact easyMarkets to inform us about your complaint. You may do this by telephone, facsimile, email or letter per details given by section 20. We will investigate your complaint promptly. We will try to resolve your complaint quickly and fairly.

2. If you are dissatisfied with the outcome of our investigation, you have the right to complain to the Financial Ombudsman Services Tel: 1300 78 08 08, Fax: (03) 9613 6399, www.fos.org.au, Email: info@fos.org.au. Mail: GPO Box 3 Melbourne, VIC 3001.
3. You can contact the Australian Securities and Investments Commission (ASIC) on 1300 300 630 at the cost of a local call. This is another alternative that you may use to make a complaint and obtain information about your rights.

15. Taxation Implications

Trading in Products offered by easyMarkets has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client. easyMarkets does not provide tax advice and we recommend you seek your own professional tax advice and the impact any profits or losses generated from futures trading may have on your overall tax position. The taxation treatment will depend on your individual circumstances.

Changes in taxation laws including changes in rulings, guidelines, determinations and rules as implemented or interpreted by the Australian Taxation Office from time to time can affect your tax position including the categorisation of transactions involving easyMarkets Products. Your overall taxation position may also be effected by your residency status for Australian Taxation Law purposes.

There are also ongoing reforms that concern the taxation of financial arrangements which could affect your own overall tax position and in respect of which you will also need to obtain professional tax advice.

16. Privacy

By affecting orders with easyMarkets you will be providing easyMarkets with your personal information. easyMarkets will also maintain records of all transactions and activities with respect to your dealings concerning our products including margin calls made and we will also gather information about products and services provided to you.

Your personal information will be treated in accordance with National Privacy Principles in the Privacy Act.

You can access the personal information that we hold about you, subject to some exceptions allowed by law. easyMarkets will give you reasons if it denies access.

easyMarkets may also record telephone conversations between you and persons working for easyMarkets. Such recordings or transcripts from such recordings may be used to resolve any dispute between you and easyMarkets and may also be destroyed at our discretion.

easyMarkets will also collect and hold information about you when you use the easyMarkets website or easyMarkets' online trading platform for transactions or dealings with easyMarkets or to access your account. easyMarkets reserves the right to use cookies on its website to collect statistical information or to allow you access to your account online.

The personal information requested or obtained from or about you is required by easyMarkets to enable it to provide you with its products enabling you to undertake transactions with easyMarkets, providing you with information concerning easyMarkets products and ensuring you meet your margin obligations and other requirements concerning transactions with easyMarkets.

That information is collected in compliance with the Corporations Act 2001, the Privacy Act, Australian Taxation Law and other laws and regulations.

easyMarkets may also be required to provide your personal information to ASIC, the Australian Taxation Office, and other regulatory and government bodies from time to time in Australia and overseas. You must also acknowledge and accept that easyMarkets may request information from you for identification purposes via means of an electronic verification process.

easyMarkets may also disclose your personal information to:

1. FOS, courts, arbitrators and other dispute resolution bodies;
2. Anyone you have authorised including persons acting on your behalf such as your financial advisor, broker, solicitor or accountant; and
3. Any third party provider that may help facilitate the transfer of funds back to you

easyMarkets may use your personal information for:

1. Marketing easyMarkets products and services to you: and

2. Developing an understanding of the products and services you may be interested in obtaining from easyMarkets.

If you do not provide easyMarkets with all the information we need, we may be unable to provide you with our products or allow you to set up an account with easyMarkets or provide you with any other services.

If you have concerns about the completeness or accuracy of the information we have about you or would like to access or amend your information simply contact easyMarkets. Any changes concerning personal information that we hold about you should be notified promptly to easyMarkets.

17. Anti-Money Laundering and Terrorist Financing

You acknowledge that easyMarkets is subject to Anti Money Laundering laws in Australia and in other countries. Money Laundering includes any dealing with the proceeds of, or assets used in criminal activity (wherever committed) and any dealing with funds or assets of, or the provision of finance to, any person or entity involved or suspected of involvement in terrorism or any terrorist act which may prohibit easyMarkets from entering or concluding transactions involving certain persons or entities. You agree that easyMarkets may, and will incur no liability from any action it takes to comply with such laws or regulations.

You agree that easyMarkets may delay, block or refuse to make a payment if it believe on reasonable grounds that making the payment may breach any law in Australia or any other country and easyMarkets will incur no liability to you if we does so.

You agree to provide all information to easyMarkets which it reasonably requires to comply with any law in Australia or any other country. You agree that easyMarkets may disclose information which you provide to us where required by any law in Australia or any other country.

You declare and undertake that the payment of monies in accordance with your instructions to easyMarkets will not breach any law in Australia or in any other country.

18. Cooling-off Arrangements

There is no cooling-off arrangements for the products offered by easyMarkets. Once you have deposited funds into your trading account AND initiated a trade you are no longer entitled to a refund unless you close the trade and then you

are only entitled to the remaining balance of the account after realising a profit or loss on the trade.

19. Other Available Information

Other information about easyMarkets may be obtained by accessing our website at www.easyMarkets.com or by contacting us.

20. How to Contact us

- Telephone:** Call us on 1300 303 908 or Sydney (02) 9299 5800.
- Mail or** Write to us at Suite 703, 65 York Street, Sydney, NSW 2000 or send us a fax
- Fax:** to (02) 9299 6800
- Email:** Send us an email to pacific@easymarkets.com
- In Person:** Visit our offices in Sydney at Suite 703, 65 York Street, Sydney, NSW

Risk Warning: easyMarkets Pty Ltd ([AFSL 246566](#), ABN 73 107 184510) makes no recommendations as to the merits of any financial product referred to in this advertisement, emails or its related websites and the information contained does not take into account your personal objectives, financial situation and needs. Therefore you should consider whether these products are appropriate in view of your objectives, financial situation and needs as well as considering the risks associated in dealing with those products. easyMarkets Pty Ltd recommends that you read the [PDS](#), the [Client Agreement](#) and the [FSG](#) (visit:www.easyMarkets.com.au) before making any decision concerning easyMarkets Pty Ltd financial products. Derivative trading involves substantial risk of loss. Do not invest money you cannot afford to lose.