



Product Disclosure Statement

Part 1

Contracts for Difference

Date 12th January 2009

First Prudential Markets Pty Ltd
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**FIRSTPRUDENTIAL
MARKETS**



About this Product Disclosure Statement (PDS)

Part 1 of this Product Disclosure Statement is issued by First Prudential Markets Pty Ltd (FPM) (ABN 16 112 600 281). This is an important document and should be read in its entirety. FPM is the holder of an Australian financial services licence (AFSL No 286354).

Before making a decision to invest in the financial products described in this PDS, you must consider your financial objectives, circumstances and needs to determine whether our products are appropriate for you. The risk factors associated with dealing in our products are outlined in Section 4 of this PDS Part 1.

This PDS comprises of two parts

Part 1 of the PDS should be read in conjunction with the current Part 2 of the PDS which provides important information relating to the fees and charges applicable to your dealings in the products outlined in Part 1 of the PDS. Together both documents make up the PDS for this product.

The information contained in this PDS

This PDS provides you with information about FPM's financial product and service range, it will cover the following:

- Corporate Profile
- Product Outline
- Risks and Benefits of the products offered
- Dispute Resolution Policy
- Privacy Policy
- Fees and Charges
- Glossary
- Terms and Conditions

The information in this PDS is subject to change from time to time and is up to date as at 12th January, 2009. To the extent that the change is not materially adverse to customers, we may update this PDS by posting a notice of the change on our website. A paper copy of any updated information will be given to you without charge on request. We may also issue a supplementary PDS with new information. This PDS (and any supplementary PDS) is available from our website or upon request.

You must also ensure that you read the terms and conditions under which you will deal in FPM's products in their entirety.

Trading derivative products is risky and can result in losses that may be in excess of your initial outlay. If you do not understand the risks associated with such products or are not willing to accept the risks or suffer the potential losses, you should not enter into any such transactions.

The information set out in this document is general in nature and does not and is not intended to take into account your particular needs, objectives or financial situation. By providing it, FPM does not intend to provide financial advice or any financial recommendations. You should read this PDS carefully and consider whether the product outlined is appropriate for your needs, objectives and financial situation, you should also seek independent expert advice before making a decision as to the suitability of the product for you.

This PDS and other documents

This PDS is dated 12th January 2009. We advise that you keep Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions, the Financial Services Guide (FSG) and any supplementary and replacement documents and updating information that is provided to you for future reference.

The Australian Securities and Investments Commission (ASIC) takes no responsibility for the contents of this PDS.

Representations

FPM's product is offered on and from the date of this PDS solely on the basis of the information contained in Part 1 of the PDS, the most recent Part 2 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement. No other information or representation is authorised nor is any person authorised by FPM to provide any form of information to clients or to make any representation whatsoever other than those outlined in Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement.



Use of examples in this PDS

The examples provided in this PDS demonstrate how dealing in our product may work. Prices, interest rates, and charges outlined in these examples are for illustrative purposes only and should not be taken as an indication or commitment by FPM as to the values that will actually apply to a trade. The figures do not necessarily reflect FPM's or your personal circumstances and do not restrict in any manner the way in which FPM may exercise its powers or discretion. The examples do not constitute general or personal financial product advice to any person reading or relying on this PDS.

References

References made in this PDS to any company traded on any exchange over which FPM offers a CFD are included purely for the purpose of identifying the underlying security to which the CFD relates. References should not be construed as an express or implied endorsement by any such company or other entity of any CFD FPM offers. Nor does any such company or other entity accept any responsibility for any statement made in this PDS or undertake any liability with respect to the product. Such companies have not been involved in the issue of any CFD and have not been involved in the preparation of this PDS or provided any information specifically to FPM for the purpose of preparing this PDS.

FPM has no affiliation whatsoever with any such companies and other entities and has no access to information relating to these companies other than that which is available in the public domain. FPM will not accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information.

Jurisdiction

The distribution of this PDS may be restricted in certain jurisdictions outside Australia. Persons into whose possession this PDS becomes available are required to inform themselves of, and to observe, such restrictions. This PDS does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

If you are a non-resident Australian dealing with FPM, you should note:

- the law governing your dealings with FPM is the law of New South Wales, Australia;
- your rights against FPM are restricted as set out in the Terms and Conditions;
- your money will be deposited with FPM in to one or more trust accounts; and
- times are Sydney times, unless stated otherwise.

About FPM

First Prudential Markets (FPM) operates an integrated business model, the elements of which are:

- leading financial product expertise;
- an institutional grade on-line trading platform;
- innovative risk management solutions; and
- strength in our home market of Australia, with the capability in key product areas to support Clients globally.

FPM is one the first financial services providers to remove traditional barriers between product and service lines, FPM delivers tailor-made solutions to its Clients.

FPM has its head office in Sydney, NSW, Australia.

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

Writing to us at: First Prudential Markets Pty Ltd
Level 5, Exchange House
10 Bridge Street
Sydney NSW Australia
2000

Calling us: 1300 376 233

Sending us a fax: (02) 8252 6899

Sending an email to: info@fpmarkets.com.au

Visiting our website: www.fpmarkets.com.au

Visit us in person at the above mentioned address.



Dealing with FPM

In order to commence dealing with FPM you must complete an Application Form which must be approved by FPM. Before completing the Application Form you should read Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions and the FSG (these documents together comprise the FPM Agreement).

The Application Form requires you to disclose certain personal information. You should refer to our Privacy Statement on our website which explains how FPM collects your personal information, maintains, uses and discloses that information.

FPM requires a minimum deposit amount in order to open your account as outlined in Part 2 of the PDS. We may vary this amount at our discretion from time to time.

Client Monies

All money deposited into your trading account by you or a by person acting on your behalf, or which is received by FPM on your behalf, will be held on trust for you by FPM, deposited in one or more trust accounts established and maintained by FPM with its nominated bank and held and dealt with in accordance with the Corporations Act, the Corporations Regulations and the FPM Agreement. This money does not constitute a loan to FPM.

Trust account(s)

It is important to note that holding your money in one or more trust accounts may not afford you absolute protection. The purpose of trust accounts is to separate Clients' funds from FPM's funds. All Client funds are 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 that causes a loss to the overall trust account balance. In order to minimise this risk, FPM may use its own company funds to cover any Client balance shortfall that may be caused by a Client default in the short term (but FPM will pursue the shortfall from the defaulting Client). If there is a deficit in a trust account and in the unlikely event that FPM becomes insolvent before it makes up the deficit in the trust account, then you will be an unsecured creditor of FPM in relation to the balance of any moneys owing to you from the trust account.

If you become an unsecured creditor of FPM, you will need to lodge a proof of debt with the liquidator for the amount owing to you. The liquidator then assesses all proofs of debt to determine which creditors are able to share in FPM's assets and to what extent, depending on the amounts owing to them and any priority they may have to be paid.

When money can be paid out of a trust account

Under the Corporations Act and the Corporations Regulations, FPM 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 (under Corporations Regulation. 7.8.02(1)(a));
- to pay brokerage and other charges properly incurred by FPM;
- to pay to itself money which FPM is entitled;
- to meet obligations incurred by FPM in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in CFDs by FPM, including dealings on behalf of FPM's other Clients; and
- to pay interest or finance charges due to FPM.

When you have directed FPM in writing to do so, FPM may pay your money out of a trust account for such purposes and in such manner as you and FPM agree. Under the terms of the FPM Agreement, you are taken, for the purposes of Corporations Regulation. 7.8.02(1)(a), to provide a written direction and authorisation to FPM to withdraw your money from the trust account and use it as collateral for the purpose of fulfilling FPM's obligations to its market counterparties under FPM's hedging arrangements. This occurs where, for its own benefit, FPM enters into hedging arrangements with market counterparties to protect FPM from any losses it may incur under the CFD positions it has entered into with its Clients. This means that your money will no longer be held in a trust account, the funds may be deposited in an account with one of FPM's market counterparties and may be at risk of being partly or wholly lost, including in the event of a counterparty default under FPM's hedging arrangements. Please refer to section 4 of this PDS for further information on this risk and the other potential risks to your money.



By submitting an Application Form to FPM and becoming a Client of FPM, you acknowledge and agree that under the FPM Agreement all amounts you deposit with FPM may be used as described above by FPM for its own purposes from time to time.

Unclaimed monies

In the event that FPM holds over \$100 of Client money in a trust account which has not been operated for at least six years, and FPM has made reasonable efforts to identify and locate the owner of the money, but is unable to ensure that the money will be paid to the owner, then FPM will treat this money as unclaimed money and deal with it in accordance with the *Unclaimed Money Act 1995 (NSW)* (Unclaimed Money Act).

Under the Unclaimed Money Act FPM must:

- deal with unclaimed money in accordance with sections 10 and 11 of the Unclaimed Money Act, which require that where FPM is in possession of unclaimed money, it must lodge a return in respect of, and pay to the Chief Commissioner of State Revenue - Office of State Revenue, the amount equal to the unclaimed money held by that enterprise as at 30 June in each year by 31 October or such longer period as the Chief Commissioner may in a particular case allow; and
- establish procedures to identify and deal with unclaimed money as required by the Unclaimed Money Act.

Interest on Client monies

FPM retains all additional interest earned on Client money held in trust accounts with a bank, approved deposit-taking institution and/or exchange clearing house. Additional interest refers to interest earned after Clients have received their interest entitlement referred to in section 5.5 of this PDS and outlined in Part 2 of the PDS in section 1.3. The rate of interest earned on the money in these accounts is determined by the provider of the deposit facility.

Under the Corporations Regulations, any interest or other earnings on:

- Client money which FPM has withdrawn from a trust account and invested; and
- the proceeds of realising such an investment,

must be dealt with in accordance with FPM's and a Client's written agreement. By submitting an Application Form and becoming a Client of FPM, under the terms of the FPM Agreement you and FPM are, for the purposes of the Corporations Regulations, taken to have entered into a written agreement with FPM to permit FPM to retain such interest or other earnings for its own benefit.

Realisation of investments

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 FPM into a trust account operated in accordance with the Corporations Act and Corporations Regulations.

If the amount received upon realising an investment of Client monies is less than the initial capital invested, FPM 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 FPM and/or any associate of FPM in accordance with the terms and conditions of the FPM Agreement.

Payments to or from third parties

FPM does not accept payments from or make payments to any third parties. In accordance with Australian anti-money laundering regulations, where necessary FPM reports any suspect transactions to AUSTRAC.

What happens if we lose our Australian financial services licence or become insolvent?

Under the Corporations Act and the Corporations Regulations, if FPM loses its Australian financial services licence, becomes insolvent, merges with another licensee or ceases to carry on some or all of the activities authorised by its licence, Client money held by FPM and the investment of Client money, will be dealt with as follows:

- money in a trust account is held on trust for the persons entitled to it, and is payable in the order set out below;
- if money in a trust account is invested, the investment is likewise held on trust for each person entitled to money in the account; and



- money in a trust account is to be paid in the following order:
 - o money that has been paid into an account in error;
 - o payment to each person who is entitled to be paid money from the account;
 - o if the money in the account is not sufficient to be paid in accordance with the above paragraphs, the money in the account must be paid in proportion to the amount of each person's entitlement; and
- if there is money remaining in the account after payments made in accordance with the above paragraphs, that remaining money is payable to FPM.

These rules override anything to the contrary in the Australian Bankruptcy Act 1966, in company law or in the FPM Agreement.

In addition, our insolvency or default may lead to your positions being liquidated or closed out without your consent. While in such circumstances any of our Clients' monies held in a trust account would be protected as they are held on trust, any unrealised profits may not be fully recovered and you would rank as our unsecured creditor in relation to such unrealised profits.

How you can instruct us

FPM accepts order instructions in any of the following ways:

- electronically, via an the electronic trading platform;
- telephone (calls may be recorded);
- in writing (including email or facsimile, where authorised).

It is your obligation to confirm with us that any order instructions you provide us have in fact been received by us.

It is your obligation to review order confirmations we provide you immediately, to ensure their accuracy. Any order discrepancies that you may have must be reported to us within 3 Business Days.

You should examine the terms of each deal confirmation immediately upon receipt as the contents of the deal confirmation, in the absence of manifest error, will be conclusive evidence of

the executed deal, unless within 3 Business Days of issue of a written confirmation you notify FPM of any disputed detail in the deal confirmation which you have received.

Nature of our advice and responsibilities

Generally FPM will not provide you with financial product advice. Circumstances where we will provide such advice are outlined below. This PDS does not constitute a recommendation or opinion that the product outlined is appropriate for you.

General advice provided to you by FPM will not take into account your objectives, financial situation or needs. Accordingly, before applying for an account to deal in CFDs, you must consider your objectives, financial situation, needs and the significant risk of losses accompanying the prospects of profits associated with dealing in CFDs and form the opinion that dealing in CFDs is suitable for your purposes.

In the event of FPM providing you with personal advice (advice which takes into consideration your financial objectives circumstances or needs) FPM will provide you with a Statement of Advice (SOA), except in certain circumstances. Please see the FSG for more details of this service.

Client statements

FPM will provide all Clients with access to daily account statements. These will be provided in electronic format via email, or if requested via facsimile transmission or standard mail. All daily statements are provided free of charge.

Privacy

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



Dispute Resolution

FPM has an internal dispute resolution process in place to help resolve any complaints or concerns you may have, quickly and fairly.

Any complaints or concerns can be directed directly to our compliance team in writing or by sending an email to compliance@fpmarkets.com.au. Should you make a complaint, our first response will be to contact you to discuss the complaint and formally record your complaint in our complaints register. We will try to resolve your complaint quickly and fairly. If, despite our best efforts, you believe your complaint has not been satisfactorily dealt with, we will recommend you contact an independent industry arbiter, namely, the Financial Ombudsman Service (FOS). FPM has agreed not to contest a final resolution from FOS.

You can contact FOS by writing to:

Financial Ombudsman Service
GPO Box 3,
Melbourne, VIC 3001
Toll free: 1300 780 808
Fax: 03 9613 6399

Web site: www.fos.org.au
Email info@fos.org.au

Our dispute resolution policy is available on our website, www.fpmarkets.com.au.

Ethical Considerations

FPM does not take into account labour standards, or environmental, social or ethical considerations when offering financial products to you, other than dealing with you in a fair and equitable manner.

FPM Agreement

Any dealings that you may have in the product offered by FPM, on and from the date of this PDS will be undertaken in accordance with the "FPM Agreement" which comprises the following documents that you will have received from an FPM representative or downloaded from our website:

- Part 1 of the PDS (and any supplementary PDS);
- Terms and Conditions;

- most recent Part 2 of the PDS (and any supplement); and
- most recent FSG (and any supplementary FSG).

Acknowledgments

By submitting, signing or acknowledging acceptance of this PDS, whether electronically or by a written application form accepted by FPM, or by continuing to deal with FPM after you have received this PDS and any later amendment or replacement of any part of it, you acknowledge in favour of FPM:

- investing in leveraged derivative products carries a high level of risk to capital, potential volatility and fluctuations in value may result in you losing more than your initial investment amount;
- you have considered your objectives, financial situation and needs and are of the opinion that dealing in FPM products is suitable for your purposes;
- you understand the risks associated with FPM products and potential losses which accompany potential profits;
- you trade at your own risk and are liable for all trading losses;
- you have sought legal and financial advice from an independent expert concerning Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement;
- you consent to our Privacy Policy which outlines how we maintain, use and disclose the personal information you provide us and we collect about you through your dealings with us;
- you have received in hard copy or electronic form, and have read and understood Part 1 of the PDS (including without limitation the risks described in section 4 and the introductory section on Client Monies), Part 2 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement;
- you agree that the services we provide to you will be governed by Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement;
- FPM may rely on your acknowledgements in favour of FPM.



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1. Introduction

1.1 The financial products we offer under this PDS

FPM offers the following product to retail and wholesale Clients:

- Contracts for Difference (CFDs) on Australian Shares.

Typically FPM quotes over 2000 CFDs, a complete list of CFDs offered by FPM is available from FPM's website www.fpmarkets.com.au. FPM may vary its listing at its discretion. Any changes to FPM's listing will be published on FPM's its website.

The Contracts for Difference (CFDs) offered under this PDS are leveraged and require you to maintain a margin with us. Some of our CFDs offer more leverage than others. You must be aware that when dealing in leveraged products a small movement in price of the underlying security on which the CFD is based may result in losses that can exceed your initial investment and your current margin with us.

1.2 The Capacity in which we Act

FPM acts as principal in all transactions with you in respect to the financial products issued under this PDS. Positions opened with FPM can only be

closed with FPM. FPM is a direct market access CFD provider (DMA) meaning that all CFD orders placed are directly reflected in the relevant security in the underlying market. The prices of the CFDs quoted by FPM directly reflect the price of the underlying instrument quoted on the exchange except where discretion remains in accordance with section 2.2.

No spread is applied by FPM to prices of FPM CFDs.

FPM does not take any proprietary positions that are expected to result in a profit from a Client's position (with limited minor exceptions such as managing system errors). All CFD trades placed by Clients of FPM are directly reflected in FPM's hedge in the underlying security on the exchange.

1.3 Operation of FPM's CFDs

FPM offers CFDs based on securities listed on the ASX, typically FPM quotes over 600 CFDs however this list may vary from time to time. FPM's CFD listing can be found on FPM's website www.fpmarkets.com.au and on FPM's trading platform. FPM does not offer CFDs over all listed securities.

The CFD is a contract between you and FPM. You cannot trade in the CFD through a stock exchange; rather it is a private transaction between you and FPM. Accordingly, you can only enter into the transaction by contacting FPM. Once a CFD is entered into, it can only be closed by contacting FPM; it is not possible to close the CFD by giving instructions to another broker or Australian financial services licensee.

FPM operates the CFD market in which you deal and acts as principal to all CFD transactions with you in respect of products issued under this PDS. You have no right or obligation to acquire or deliver the instrument or security itself and no other rights of shareholders of the underlying instruments or securities, such as voting rights. You are not entitled to receive any dividends or other distributions which may be paid in respect of the underlying instrument or security. However, certain cash adjustments may be made to your CFD account on or as a result of a dividend or other distribution in respect of the underlying instrument or security. It is for you to decide whether you wish to deal in the FPM's CFD product or in the actual asset in the relevant underlying market.



1.4 Placing an order via our electronic trading platform

Our electronic trading platform provides you with the ability to trade online by simply selecting the security quantity and price you wish to deal at and confirming the order. Our trading platform provides you with ASX live prices, company information, news reports and a comprehensive suite of trading tools. The trading platform has a portfolio management system that allows you to monitor your open positions and manage your risk in real-time. Back office statements are also provided allowing you to view your open positions, trading history, margin requirements and cash balances.

It is your obligation to review any deal confirmation we send to you immediately to ensure its accuracy and report any discrepancies that you may have to us within 3 Business Days. Deal confirmations can be viewed electronically through the trading platform and from your daily statements.

1.5 Placing an order via telephone

In order to ensure we are able to service all of our customers in the most efficient and effective manner FPM has procedures in place which we ask you to follow when placing orders via telephone.

We ask that you follow the simple 5 step process outlined below:

1. Provide us with your username and account number.
2. Once you have been identified and your account details confirmed, our representative will ask you to provide your order.
3. We ask you to outline the Order Type you wish to place, security, quantity, and price. For example:
"Buy BHP share CFDs, 10,000 at the current market price"
4. Our representative will repeat the order back to you and ask you to confirm that it is correct. If the order is correct you should respond by saying "All Agreed", if the order

is not correct we require you to repeat your order as outlined in step 3.

5. Your order may not be filled immediately. If your order is filled, our representative will indicate to you that the deal was "Done" and repeat the executed order back to you including the price, and quantity filled.

It is your obligation to review any deal confirmation and statement we send to you immediately to ensure its accuracy and report any discrepancies that you may have to us within 3 Business Days. Deal confirmations can be viewed electronically through the trading platform and from your daily statements.

Please note: all Market Participants (including FPM) have a legal obligation to ensure that the markets are fair, orderly and transparent. FPM Clients should understand that some practices in placing orders can constitute market manipulation which is 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 liable to FPM for costs to FPM arising out of those trading practices of the client which lead to the client, FPM or any other person suffering loss or penalty.

1.6 General account administration

FPM will report all open positions and open orders to you via our electronic trading platform, with a daily statement providing a summary of open positions, free equity, margin requirements, cash balances, and fees and charges provided to you on a daily basis at the end of each trading day.

We encourage you to become familiar with the statements we provide you and understand how to read key elements such as your margin requirements, open positions, and any free equity. Much of this information is provided in an easy to read format in the summary section of your statement.

Being able to properly read the statements we provide you will enable you to determine whether you have sufficient equity in your account to meet your margin obligations or whether you have excess equity which you may withdraw.

It is important that you check your statements immediately and contact us within 3 Business



Days should you have any queries or discrepancies. Should you contact us after this period we may not be obliged to rectify your discrepancy.

Should you have any queries relating to your statements we encourage you to contact us.

Electronic order confirmations

Should you place an order via our electronic trading platform, you will receive instant confirmation as to the status of the order.

Use of your Daily statements

In accordance with our Terms and Conditions you agree to use your daily statements to confirm all orders that you place with us and monitor your margin obligations.

1.7 Funding your Account

You may transfer funds to us using any of the following methods:

- Bank transfer;
- B-Pay®;
- Credit Card;
- RTGS Bank transfer; and
- Cheque or money order.

In no circumstances do we accept cash deposits.

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

FPM will only act on funds that have cleared so we recommend that you maintain sufficient margin in your account at all times to maintain your open positions.

FPM does not accept funds transferred from third parties so it is your obligation to ensure that all funds transferred to us are from the bank account you have nominated on your application form. We may in our absolute discretion, without creating an obligation to do so, return any funds transfer or cheque received from a third party back to the account from which it was transferred.

FPM will not accept any liability or responsibility for any losses that you may suffer as a result of,

or arising out of, or in connection with, us returning any transfer of moneys or cheque from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the FPM Agreement.

1.8 Withdrawing your funds

You may withdraw funds from your account by sending us a signed withdrawal request by fax, email or post outlining your account details, and the amount you wish to withdraw. Funds will only be paid to the bank account which you have nominated on your application form and will not be paid to the account of a third party account.

You will only be able to withdraw moneys available to you after your margin obligations have been met. Moneys which you are able to withdraw are designated as free equity on your account statement. Additional fees and charges including interest may be deducted from this amount when paid to you. We may also require that you leave a minimum balance in your account should you wish to keep it open.

1.9 Updates to this PDS and the FPM agreement

In accordance with the Terms and Conditions you agree that FPM may make available to you documents updating the FPM Agreement, including any supplementary, revised and new product disclosure statements and financial services guides by any of the following methods:

- communicating them to you electronically by email or other electronic means;
- emailing you an electronic link to the relevant document;
- posting the relevant document on FPM's website; and
- sending them to you in accordance with the law.

1.10 Office and dealing hours

Our office hours are 8:30am to 6:00pm (Sydney time) Monday to Friday. These times may be subject to change.

We will generally accept telephone orders for the products we offer during office hours. Orders placed via our electronic trading platform will



generally be accepted 24 hours a day, 7 days a week (subject to the terms of the platform).

The financial products we offer are tradable only during the hours which the market for the underlying security is open.

1.11 Our electronic trading platform

Upon opening your account with FPM you will be able to subscribe to our electronic trading platform, which will provide you with live prices and a comprehensive suite of tools. FPM may charge you a monthly fee for the use of the

2.1 About share CFDs

Contracts for Difference allow you to receive many of the benefits of owning the underlying security on which the CFD is based, without physically owning it. CFDs are an over-the-counter (OTC) derivative product that allows you to benefit from the price movement of the underlying security. The difference between the opening and closing price of a CFD is settled in cash. At no stage do you take delivery of the underlying security.

CFDs are an alternative medium to short term trading solution that provide many of the benefits associated with dealing in financial products such as shares, without having to physically own them. The holder of a CFD can open leveraged “long” or “short” position without having to take or make delivery of the underlying security. In order to open a CFD position an initial margin must be provided as collateral.

All open positions are marked-to-market based on the price of the underlying security with profits or losses being debited or credited daily.

As holders of CFDs do not own the underlying security on which they are based they have no right or obligation to acquire or deliver the security itself.

Adjustments for Dividends

Should you hold a long CFD position, your account will be credited with an amount equal to

trading platform. Details of charges applicable are set out in Part 2 of the PDS.

1.12 Daily Statements

Upon opening your account with FPM we will provide daily statements allowing you to check your open positions, margin requirements and cash balances. Daily statements are provided free of charge via email separately to our electronic trading platform.

2. Share Contracts for Difference

the cash dividend. You will not be entitled to any franking credits.

Conversely, should you hold a short CFD position; your account will be debited an amount equal to the cash dividend on the business day after the ex-dividend date.

In some circumstances where you have a short CFD position you may incur a liability for the cash dividend plus any franking or imputation credits attached to the dividend or distribution declared.

Corporate Actions

Any adjustment to your CFDs relating to corporate actions, such as share reconstructions and bonus issues with respect to the underlying security on which the CFD is based, ordinarily will also be applied by FPM at its discretion to your CFD position.

Rights relating to adjustments

In the event of an adjustment event occurring FPM reserves the right not to make the adjustment to the relevant CFD if it is not reasonably practicable. FPM may elect to close your CFD position for any reason including in the event of the underlying securities being subject of a take-over offer, prior to the closing date of the offer.

Voting rights

FPM will not pass on any voting rights we may receive in connection with FPM holding the underlying security to which your CFD relates,



and will not accept any instructions in relation to them.

2.2 Opening and closing CFD positions

You can open both long and short CFD positions with FPM. Should you open a long position, your intention would be to profit from a rise in the price of the underlying security, and you would suffer a loss should the price of the underlying security fall. Conversely, should you open a short position, your intention would be to profit from a fall in the price of the underlying security, and you would suffer a loss should the price of the underlying security rise.

In order to close open long or short CFD positions you would open an equivalent offsetting position. The closure of a position will generally result in a profit or loss being realised on your Account. If you wish to close only part of your open long or short position you can do so by entering into an equivalent offsetting position of a lesser amount than your current open position.

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

As a result of FPM being unable to accept your order you may be subject to financial losses caused by unfavourable market movements.

Circumstances in which FPM may be unable to accept your order:

- FPM being unable to quote prices in the relevant CFD Product due to the unavailability of information in the underlying market for reasons beyond FPM's control.

The determination of the date on which a CFD is closed and the Closing Value of a CFD may be affected by certain events including but not limited to:

- if the CFD is over shares in a company which becomes externally administered, the CFD is generally taken to be closed at that time. However, if the company continues to exist the CFD will continue. If this happens, FPM will determine the

Closing Price having regard to any factors it considers appropriate including for example, the last traded price of the underlying instrument or security;

- if the CFD is over an instrument or security which ceases to be quoted on the Exchange or are suspended from quotation for 5 consecutive Business Days, (or such lesser period as may be agreed with you), FPM may elect to close the CFD and/or call additional margin as determined by FPM. If FPM elects to close the CFD, FPM will determine the Closing Price and in making such determination, will, in its discretion, have regard to a number of factors including the last traded price of the underlying instrument or security on the Exchange;
- if the CFD is over shares in a company which becomes the subject of a take over offer, FPM may give notice of its intention to close the CFD. If this happens, FPM will determine the Closing Price at its discretion. The Closing Price will usually be determined based on the terms of the take over offer;
- if the CFD is over an instrument or security in respect of which there is a suspension of trading or a trading halt on the Exchange, FPM will determine the Closing Price at its discretion. If you hold a long position, the Closing Price determined by FPM may be zero. If the Closing Price is zero, through payment of the Initial Margin, Variation Margin and payments due on close out of the CFD, you will be required to pay FPM an amount representing the Contract Value of the underlying instrument or securities at the time you opened the CFD; and
- if an amount payable by you in relation to a CFD exceeds 50% of the Initial Margin in respect of that CFD, FPM may close out the CFD as if a default event has occurred.

2.3 Margins

When dealing in CFDs with FPM you will be required to pay Initial Margin and Variation Margin.



Your Initial Margin is the amount FPM debits from your account as soon as you open a new CFD position or place an order to open a new CFD position. This acts as a security buffer and protects us in the event of a default by you.

Typically we will require an Initial Margin calculated as a percentage of the contract value. The Initial Margin will vary depending on the CFD you trade. The initial margin required by FPM for its CFDs offered will range between 3-100% of the contract value and is determined at FPM's discretion mostly by the liquidity of the underlying security on which the product is based.

FPM will advise you of the Initial Margin rates applicable to the CFDs we offer on our website and electronic trading platform.

Initial margin is debited from your account should you place an order which is not executed. This margin remains debited from your account while your order remains on the market in anticipation of your order being filled. If your order is not subsequently filled the initial margin is credited to your account when you cancel your CFD order. The initial margin amount is calculated based on the notional value of your order (quantity x price) multiplied by the respective margin rate for the CFD in which your order is placed.

Should your order be filled the amount of the initial margin will remain debited and will be returned immediately once the position is closed.

The Variation Margin calculated by FPM having regard to, but not limited to, is the relevant margin percentage of the unrealized profit or loss on your open position. This is the difference between the value of the product when it was bought or sold and its current market price. Should your position move in your favour we may refund part or all of the Variation Margin to you.

The gross liquidation value (GLV) is the amount of money you would have left in your account should all of your open positions be closed out at the current market price less any interest, fees or transaction charges.

Free Equity is the GLV of all the positions in your account less your margin requirement. Free Equity can be used to open a new CFD position or you can simply withdraw it from your account. You

should note that we may require you to maintain a minimum free equity balance in your account.

FPM reserves the right to vary the margin requirement applicable to any CFD at any time.

2.4 Daily Settlement of Differences

Profits and losses on all open CFD positions will be settled at the end of each trading day based on the closing price of the underlying security on which the CFD is based. Should the underlying security on which the CFD is based be suspended or halted in the underlying market, the CFD position will be valued and a closing price determined by FPM at its discretion.

If the value of your CFD position at the close of business be greater than the value determined on the previous day, and you hold a "short" position in the CFD, you will be obliged to pay the difference to FPM. Conversely, should the value of your CFD position be less than the contract value on the previous day, FPM will be obliged to pay you the difference.

Should the value of your CFD position at the close of business be greater than the value determined on the previous day, and you hold a "long" position in the CFD, FPM will be obliged to pay the difference to you. Conversely, should the value of your CFD position be less than the value on the previous day, you will be obliged to pay FPM the difference.

Any amounts owed by you to FPM are payable within 24 hours. A failure to do so will result in you being taken to be in default. In some situations FPM may require payment within a shorter time period (for example when there is unusual volatility).

You should note that FPM may set off any money owed to you under the FPM Agreement or any other agreement or financial product or financial service against any money owed by you to FPM under any of them.

Margin Calls

It is your obligation to maintain sufficient margin in your account at all times. FPM requires that you monitor your positions at all times either via the electronic trading platform or your daily statements. Should you fail to maintain sufficient margin in your account, FPM may provide you



with notice of the Variation Margin required by making a “margin call”. This may be made via e-mail, fax, sms message, and telephone or via post. Should we make a margin call you must deposit the amount of funds that we request into your account within 24 hours, a failure to do so will result in you being taken to be in default. In some situations FPM may require payment within a shorter time period (for example when there is unusual volatility). If you fail to make margin payments in respect to additional margin within the time specified by FPM, FPM may close out open CFD positions without further notice to you. Alternatively FPM may partially close out an open CFD position by closing it out in respect of some (but not all) of the underlying instruments or securities to which the CFD applies without further notice to you. For example, if you have an open long position in respect of a CFD where the underlying security is 10,000 shares in ABC Ltd, FPM may close out your position in relation to 5,000 of the underlying shares in ABC Ltd and the CFD will remain open in respect of the remaining 5,000 shares in ABC Ltd.

Margin calls should not be relied upon in forming part of your overall risk management strategy.

2.5 Our Default Powers

Our Terms and Conditions enable us to terminate or close out your CFD positions, enforce securities we hold and set off payments owing by us or you under any agreement, account, financial product or financial service, among other rights. We may enforce our rights under the Terms and Conditions where you fail to make a payment or perform your obligations, where you become bankrupt or insolvent or where FPM has been unable to contact you for urgent instructions.

Should you fail to meet your margin obligations for the CFD positions you hold we are entitled to close out the position without further instruction from you.

2.6 Share CFD trading examples

- **"Going long"**

The profit figures for Telstra (TLS) are about to be released and you are expecting figures to be above industry forecasts and therefore wish to have exposure to benefit from a possible rise in the TLS share price.

You place an order to buy 10,000 TLS share CFDs at \$5 giving you an exposure of \$50,000 to the price movement of TLS. As the current market price of TLS is \$5 your order is filled, you see the trade go through in the underlying market for TLS. The margin requirement is held as collateral and therefore will be deducted from your free equity figure while the position is open. Since TLS requires a margin of 5%, \$2,500 will be required as initial margin to open your \$50,000 position.

The standard transaction fee you are charged is 0.40%. Therefore the cost of executing the \$50,000 trade is \$200. The total outlay to gain the exposure of \$50,000 will be \$2,500 (initial margin) + \$200 (transaction fee) = \$2,700.00.

In opening your long position you have effectively been given a loan for the full value of your position and therefore you pay a financial charge on this amount at the overnight interest rate plus 3% per annum. The overnight interest rate is calculated at the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR) rate plus or minus the margin applied by FPM and dividing this rate by 365 (days per year). The resultant rate is then multiplied by the closing value of your position at the end of each trading day and applied to your account.

The Reserve Bank of Australia Interbank Overnight Cash Rate is available from the following website www.rba.gov.au.

The table below shows the outcome of the trade assuming that the price of TLS rises by 10 cents to \$5.10 the following day. A 10 cent rise will result in a trading profit of \$1,000.

"Going Long" \$50,000 exposure to TLS	
Price	\$5.00
CFDs purchased for \$50,000 exposure	10,000
Transaction Fee (0.40%)	(\$200.00)
Total Exposure	\$50,000.00
Margin Requirement (5%)	(\$2,500.00)
Total Outlay	(\$2,700.00)

"Closing – Selling" \$50,000 exposure to TLS	
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Price	\$5.10
CFDs sold to close position	10,000
Transaction Fee (0.40%)	(\$204.00)
Profit from trade	\$1,000.00
*Financing charge paid at 9.25% = $[(6.25\% + 3.00\%) / 365] * \$50,000$	(\$12.67)
Net Profit after financing and transaction costs (opening and closing)	\$783.33

*The financing rate is calculated by multiplying the RBAIOCR plus the margin applied by FPM divided by 365 by the closing value of the position from the previous day. In the case of this example the closing price of TLS was \$5.00, with the RBAICOR being 6.25% and a margin applied by FPM of 3%.

It would have been possible for you to make a loss should the position have moved in the opposite direction to which you expected.

The table below shows the outcome of the trade assuming that the price of TLS fell by 10 cents to \$4.90 the following day. A 10 cent fall will result in a trading loss of \$1,000.

"Going Long" \$50,000 exposure to TLS	
Price	\$5.00
CFDs purchased for \$50,000 exposure	10,000
Transaction Fee (0.40%)	(\$200.00)
Total Exposure	\$50,000.00
Margin Requirement (5%)	(\$2,500.00)
Total Outlay	(\$2,700.00)

"Closing - Selling" \$50,000 exposure to TLS	
Price	\$4.90
CFDs sold to close position	10,000
Transaction Fee (0.10%)	(\$196.00)
Loss from trade	\$1,000.00
*Financing charge paid at 9.25% pa = $[(6.25\% + 3.00\%) / 365] * \$50,000$	(\$12.67)
Net Loss including financing and transaction costs (opening and closing)	(\$1,208.67)

*The financing rate is calculated by multiplying the RBAIOCR plus the margin applied by FPM divided by 365 by the closing value of the position from the previous day. In the case of this example the closing price of TLS was \$5.00, with the RBAICOR being 6.25% and a margin applied by FPM of 3%.

- **"Going short"**

You are expecting the profit figures of Qantas Airlines (QAN) to be well below the expected forecast and wish to have exposure to benefit from a possible fall in the share price. It is just as simple to short sell a CFD "go short" as it is to buy a CFD "go long".

This example will show you taking a short position to make a profit from a fall in the price of QAN.

You place an order to sell 10,000 QAN share CFDs at \$3.50 giving you an exposure of \$35,000 to the price movement of QAN. As the current market price of QAN is \$3.50 your order is filled, you see the trade go through in the underlying market for QAN.

The margin requirement is held as collateral and therefore will be removed from your free equity figure while the position is open. Since QAN requires a margin of 5%, \$1,750 will be required as collateral to open your \$35,000 position.

The standard Transaction Fee you are charged is 0.40%. The cost of executing the \$35,000 trade is \$140.00. The total outlay to gain the exposure of \$35,000 will be \$1,750 (margin) + \$140.00 (Transaction Fee) = \$1,890.00.

In opening your short position you have effectively received a cash payment for the full value of your short position and therefore receive interest on this amount at the overnight interest rate minus 3% per annum. The overnight interest rate is calculated at the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR) rate plus or minus the margin applied by FPM and dividing this rate by 365 (days per year). The resultant rate is then multiplied



by the closing value of your position at the end of each trading day and applied to your account.

The Reserve Bank of Australia Interbank Overnight Cash Rate is available from the following website www.rba.gov.au.

The table below shows the outcome of the trade assuming that the price of QAN falls by 10 cents to \$3.40 the following day. A 10 cent fall will result in a trading profit of \$1,000.

"Going Short" \$35,000 exposure to QAN	
Price	\$3.50
CFDs purchased for \$35,000 exposure	10,000
Transaction Fee (0.40%)	(\$140.00)
Total Exposure	\$35,000.00
Margin Requirement (5%)	(\$1,750.00)
Total Outlay	(\$1,890.00)

"Closing - Buying" \$35,000 exposure to QAN	
Price	\$3.40
CFDs bought to close position	10,000
Transaction Fee (0.40%)	(\$136.00)
Profit from trade	\$1,000.00
*Financing received at 3.25% =[(6.25% - 3.00%) / 365] * \$35,000	\$3.12
Net Profit after financing and transaction costs (opening and closing)	\$867.12

*The financing rate is calculated by multiplying the RBAIOCR minus the margin applied by FPM divided by 365 by the closing value of the position from the previous day. In the case of this example the closing price of QAN was \$3.50, with

the RBAICOR being 6.25% and a margin applied by FPM of 3%.

It is possible for you to make a loss should your position move against you.

The table below shows the outcome of the trade assuming that the price of QAN rose by 10 cents to \$3.60 the following day. A 10 cent rise will result in a trading loss of \$1,000.

"Going Short" \$35,000 exposure to QAN	
Price	\$3.50
CFDs purchased for \$35,000 exposure	10,000
Transaction Fee (0.40%)	(\$140.00)
Total Exposure	\$35,000.00
Margin Requirement (5%)	(\$1,750.00)
Total Outlay	(\$1,890.00)

"Closing - Buying" \$35,000 exposure to QAN	
Price	\$3.60
CFDs bought to close position	10,000
Transaction Fee (0.40%)	(\$144.00)
Loss from trade	(\$1,000.00)
*Financing received at 3.25% =[(6.25% - 3.00%) / 365] * \$35,000	\$3.11
Net Loss after financing and transaction costs (opening and closing)	(\$1140.89)

*The financing rate is calculated by multiplying the RBAIOCR minus the margin applied by FPM divided by 365 by the closing value of the position from the previous day. In the case of this example the closing price of QAN was \$3.50, with the RBAICOR being 6.25% and a margin applied by FPM of 3%.



3. Benefits of dealing in CFDs

Although there are risks associated with dealing in CFDs there are also a number of benefits, these include:

- CFDs are not subject to local Australian market taxes such as stamp duty.
- Ability to hedge exposure to the underlying security.
- Speculation, with a view to profiting from market fluctuations. CFDs allow you to take a position with an exposure to a particular underlying security without needing to buy or sell the underlying security.
- Traders can potentially profit from both rising and falling markets depending on the strategy they have employed. Losses may also be incurred. Common strategies

employed include “pairs trading”, this is taking a position in two share CFDs to gain exposure to the relative market movements of each CFD. Certain strategies may be more complex than others and have different levels of risk associated with them.

- CFDs are highly leveraged products. Leverage allows the holder of a CFD to gain exposure to the price movement of the underlying security for a relatively small outlay. Leverage can work against you as well as for you and can lead to large losses as well as large gains.

4. Risks of dealing in CFDs

4.1 Risks

You should seek independent advice and consider carefully as to whether CFDs are appropriate for you given your experience, financial objectives, needs and circumstances. There are a number of risks that you should be aware of when dealing in CFDs with FPM.

Some of the significant risks include the following:

- External market forces can cause markets and prices to change quickly, such forces include changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the marketplace. As the price of your CFD position is based on an underlying security these factors may affect your CFD position. Furthermore, events may cause the underlying security to be suspended from trading or have their quotation withdrawn from the exchange on which they are

traded. This may affect the ability of us to offer our products to you, including closing out CFDs.

- As CFDs are a leveraged product you may sustain losses that are greater than but not limited to, your Initial Margin and Variation Margin deposited with us to establish and/or maintain your CFD position.
- In fast moving or illiquid markets “gapping” may occur. Gapping occurs when market prices do not follow a “smooth” or continuous trend and are typically caused by external factors such as world, political, economic and corporate related events. Should gapping occur in the underlying security on which your CFD is based, you may not be able to close out your CFD position or open a new position at the price at which you have placed your order.
- Should the price of underlying security on which your CFD is based move against you, you may receive a margin call from us and at short notice and be required to deposit with us a Variation Margin in order to maintain your position. Should we make a margin call you must deposit the amount of funds that we request into your account within 24 hours. In some situations FPM may require payment within a shorter time



period (for example when there is unusual volatility).

- In the event of you failing to make margin payments we may reduce or close all your open positions without further notice and you will be liable for any shortfall. Positions are marked to market on a daily basis, with payments being settled daily to account for market movements.
- Should your account balance fall below the minimum required balance determined by FPM and outlined in Part 2 of the PDS FPM reserves the right to reduce or close out your CFD positions. FPM may vary this minimum required balance, in which case a new PDS Part 2 (or supplement) will be issued.
- As CFDs are highly leveraged a small price movement in the underlying security on which they are based can result in substantial profits or losses exceeding your deposit. The prices of our products may be volatile and fluctuate rapidly over wide ranges. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions such as changing supply and demand relationships, governmental, agricultural, and commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.
- Should you fail to pay or provide security for amounts payable to FPM or fail to fulfil any obligation under your contract, our Terms and Conditions allow us to take steps to protect our position including, for example, the power to close out positions and to charge default interest. Under our Terms and Conditions you may also indemnify FPM for certain losses and liabilities incurred, for example, in default scenarios. Furthermore FPM's liability to you is expressly limited. You should read and understand our Terms and Conditions.
- Sometimes the liquidity of the market in the underlying security on which your CFD position is based may make it difficult for you to close your CFD position.
- We reserve our right not to accept your request to place an order. Refer to our Terms and Conditions.
- Holding your money in one or more trust accounts may not afford you absolute protection. The purpose of trust accounts is to separate Clients' funds from FPM's funds, however all Client funds are 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 that causes a loss to the overall trust account balance. In order to minimise this risk, FPM may use its own company funds to cover any Client balance shortfall that may be caused by a Client default in the short term.
- If there is a deficit in a trust account and in the event that FPM becomes insolvent before it makes up the deficit in the trust account, then you will be an unsecured creditor of FPM in relation to the balance of any moneys owing to you from the trust account. If you become an unsecured creditor of FPM, you will need to lodge a proof of debt with the liquidator for the amount owing to you. The liquidator then assesses all proofs of debt to determine which creditors are able to share in FPM's assets and to what extent, depending on the amounts owing to them and any priority they may have to be paid.
- FPM may pay your money out of a trust account and use it as collateral for the purpose of fulfilling FPM's obligations to its market counterparties under FPM's hedging arrangements. This occurs where, for its own benefit, FPM enters into hedging arrangements with market counterparties to protect FPM from any losses it may incur under the CFD positions it has entered into with its Clients. This means that your money will no longer be held in a trust account, may be deposited in an account with one of FPM's market counterparties and may be at risk of being partly or wholly lost in the event of a counterparty default under FPM's hedging arrangements. You have no interest in or claim over FPM's contracts (if any) with any other person or in the accounts into which FPM deposits Client money paid out of the trust accounts. By submitting an Application Form to FPM and becoming a Client of FPM, under the



FPM Agreement you are taken to direct FPM in writing and to acknowledge and agree to FPM using your money in the manner described above, for its own purposes from time to time.

- Data supplied by third parties, such as an exchange, may be incorrect, delayed or become unavailable. FPM is not responsible for the provision of those information services nor the consequences if they fail, are delayed or are wrong.
- Operational risk such as disruptions in our operational processes, including communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction.
- As we are the product issuer, you are exposed to the financial and business risks, including credit risk, associated with dealing with FPM.

- Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in our products.
- The risk of FPM being unable to operate its CFD market as a result of a regulatory impediment such as FPM ceasing to hold an Australian financial services licence or because Australian Securities and Investments Commission (ASIC) has imposed a stop order on the PDS issued by FPM or FPM ceasing to exist.

If you are not familiar with CFDs, you obtain independent advice before proceeding to open an account with us. Furthermore, we also recommend that you consider seeking independent legal advice before entering into the FPM Agreement, as the documents comprising this Agreement are important and affect your dealings with us.

5. Fees & Charges

5.1 Administration Charges

FPM reserves the right to charge you for certain administrative services which may occur in the course of your dealings with us.

Typical administration services to which charges apply are:

- transcripts and copies of taped telephone conversations;
- returned cheque fees;
- payment processing fees;
- SMS Service fee;
- bank confirmations / audit certificates; and
- debt collection.

Part 2 of the PDS details the administration charges that you may incur whilst dealing with FPM. You should contact us should you require details of an administration charge that is not listed in Part 2 of the PDS. FPM may vary its administration charges from time to time, variations to administration charges will be outlined in a revised Part 2 of the PDS (or supplement).

5.2 Transaction Fees

The transaction fee you can expect to pay on a share CFD is based on the full notional value of your transaction and expressed as a percentage of the contract value with a fixed minimum charge, in much the same way as if you were buying shares. A transaction fee is charged as soon as a CFD position is opened or closed and debited from your account on a daily basis. Details of your transaction fees are provided on your account statements. Transaction fees are outlined in Part 2 of the PDS.

FPM reserves the right to change the transaction fees applicable to CFDs, In the event of such a change you will receive a revised Part 2 of the PDS (or supplement) in accordance with our Terms and Conditions.

5.3 Interest

The interest rates we apply to your account are calculated at a rate that is above or below the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR).

5.4 Overnight Interest

In the event of you holding a long CFD position overnight you will be required to pay a financing charge. If you hold a short CFD position overnight



you will be entitled to receive interest. Interest calculations are based on the total notional value of your open position, and are calculated at the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR) plus or minus a margin as outlined in Part 2 of the PDS. Interest is debited from and credited to your account on a daily basis should you hold a CFD position open overnight.

The amount of interest paid/received by FPM will vary each day, depending upon factors such as the closing price of the underlying security on which the CFD is based, changes to holdings within your portfolio and/or changes to the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR) and/or margin applied by FPM.

No interest is paid or received if you open and close a position in the same trading day.

FPM reserves the right to change the financing rates applicable to your long and short CFD positions. In the event of such a change you will receive a revised Part 2 of the PDS (or supplement) in accordance with our Terms and Conditions.

5.5 Interest earned on account balances

In the event of you having a credit balance in your account after your margin obligations have been met, we will pay you interest. We will advise you of the interest rates you may receive which will vary from time to time in Part 2 of this PDS. Interest is calculated daily and posted to your account at the end of each calendar month.

5.6 Margins

Initial Margin is the amount we will debit from your account as soon as you open a new CFD position. This acts as a security buffer and protects us in the event of a default by you. Typically we will require an Initial Margin calculated as a percentage of the contract value. The Initial Margin for CFDs FPM offers may vary from day to day and is determined at FPM's discretion mostly by the volatility and liquidity of the underlying security on which the product is based.

We will advise you of the margin rates applicable to CFDs we offer on our website and electronic trading platform.

5.7 Exchange Royalties and Fees

Should you be given access through the electronic platform or otherwise to prices or information provided by any exchange including the ASX to which a royalty or other fee must be paid for the use of such prices or information FPM shall have the right to effect the payment of any such royalty by debiting your account on a monthly basis.

The exchange royalty may be waived in any month subject to conditions outlined in Part 2 of the PDS, however you should note that FPM may amend these conditions from time to time and that you will receive a revised Part 2 of this PDS (or supplement).

5.8 Electronic trading platform

Should you subscribe to the use of our electronic trading platform you must pay to FPM a monthly access charge for the use of this service as outlined in Part 2 of the PDS. You authorise FPM to debit your trading account for the use of this service at the end of each calendar month.

The fee for the use of our electronic trading platform may be waived in any month subject to conditions outlined in Part 2 of the PDS. However, you should note that FPM may amend these conditions from time to time and that you will receive a revised Part 2 of the PDS (or supplement) in accordance with our Terms and Conditions.

5.9 Adviser Commission

Any commissions payable by you with respect to your CFD dealings conducted on your behalf by your financial adviser will be deducted from your account by FPM for remittance to your financial adviser pursuant to details provided in writing by you to FPM. Adviser commissions are payable immediately upon the entering into and the closing of a CFD position.

5.10 SMS Service Fee

Should you request the delivery of correspondence regarding your account via the Short Message Service ("SMS"), you must, pay an SMS Service Fee to FPM. The current SMS fee rate is outlined in Part 2 of the PDS any may vary from time to time upon which you will receive a revised Part 2 of the PDS (or supplement).



6. Taxation considerations

6.1 Introduction

The following is a summary of the Australian taxation implications of becoming involved in dealing in CFDs with FPM, and is based on the taxation laws as at the date of this PDS. Taxation law is complex, it is important to note that the tax position will depend on the circumstances of each taxpayer. FPM advise that you consult your taxation advisor before dealing in CFDs.

6.2 Taxation ruling

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in financial contracts for difference. A summary of Taxation Ruling 2005/15 is set out below.

A copy of Taxation Ruling 2005/15 is available on the Australian Taxation Office website at www.ato.gov.au. Investors should note that this ruling is a public ruling for the purposes of Part IVA of the Taxation Administration Act 1953 and therefore, if the ruling applies to an 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.

Summary

1. Gains or Losses on CFDs

7.1 The law governing this Agreement

The FPM Agreement and all contracts and transactions you enter into with FPM will be governed and construed in accordance with the laws in force in New South Wales, Australia.

The SMS service fee will be due and payable to FPM upon delivery of an SMS and will be debited from your account at the end of each trading day.

Any gains derived or losses incurred by an Investor in respect of a CFD should be included in the Investor's assessable income or allowable as a deduction on the Closing Date. When calculating the amount of profit or loss the difference between the Closing Value and the Open Contract Value, and any fees dividend amounts, distributions and interest on open CFD positions paid or received by the Investor should be considered.

If you hold your CFD for the purpose of trading you should seek independent advice from your tax advisor.

2. Interest on your CFD account

Interest received by an Investor in respect of their CFD trading should be included in the Investor's assessable income. In most cases this will be at the time the interest is credited to their FPM CFD account. Interest payable by an Investor in respect of their CFD account (including any default interest) should be allowable as a deduction at the time it is debited against their FPM account.

3. Other fees, charges or commissions

In circumstances where a CFD gives rise to gains that are assessable or losses that are deductible, any fees other than fees, charges or commissions should be allowable as a deduction at the time they are paid by the investor and debited against their FPM account.

7. Other matters

7.2 Your Obligations

Your obligations under the FPM Agreement, include, but are not limited to monitoring your positions and maintaining the required margin at all times.



7.3 Insufficient Equity

You will not be allowed to open new CFD positions when there is insufficient equity in your account to meet the required minimum balance. You will only be allowed to reduce your existing open positions.

7.4 Sharing of commissions and other amounts

FPM may share fees and charges with its associates or other third parties or receive remuneration from them with respect to your dealings with us.

7.5 Electronic Trading Platform

If you are aware or suspect that your username and password to your electronic trading platform

is no longer confidential, you must contact us immediately.

7.6 Disclaimers

FPM does not accept or bear any liability for any loss of any kind whatsoever in respect of the operation of its electronic trading platform, except to the extent that it is caused by the fraud or dishonesty on the part of FPM or its employees, agents or representatives. All warranties express and implied, as to the description, quality, performance or fitness for your purpose of the electronic trading platform or any component of any such electronic trading platform are disclaimed and excluded to the maximum extent permitted by law.

8.1 Summary only

The FPM Agreement consists of the Terms and Conditions, this PDS and the FSG.

We require that you read each of the documents comprising the FPM Agreement prior to opening an account with FPM.

Should you have any questions relating to the documents comprising of the FPM Agreement, please contact us. Our contact details are provided in this PDS.

8.2 Terms and Conditions

Our relationship in respect of any product that you enter into with us is governed by our Terms and

8. FPM Agreement

Conditions to which you must agree to before you will be able to open an account with FPM.

You should read the Terms and Conditions in their entirety.

8.3 The Financial Services Guide

The Financial Services Guide (FSG) defines our role and responsibility when it providing financial services.

The financial services we provide may include general or personal advice about our products, as a result, we are required us to provide you with an FSG.

The FSG is important and should be read in its entirety before dealing with FPM.

9.1 Introduction

This facility with First Prudential Markets (FPM) allows you to lodge collateral with FPM in order to trade CFDs. FPM may accept equities you own as collateral in accordance with the terms set out in a separate booklet provided by FPM and available to you upon request should you wish to use this facility.

9. Collateral Facility

It is very important that you read and understand the terms outlined in the collateral facility document before providing any securities as collateral to FPM.



9.2 How do I open a Collateral Facility with FPM?

To establish a Collateral Facility with FPM you need to have received read and understood the collateral facility document, agreed to the terms and conditions, completed an Application Form, returning a signed copy to FPM.

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

Account

Account of the Client dealing in the products issued by FPM.

Application Form

Application form to open an Account with FPM.

Authorised Person

A person authorised pursuant to bind the Client under this Agreement.

Business Day

A day (other than a Saturday or Sunday or public holiday) on which banks are or will be open for general business in Sydney.

Cash Dividend

Cash dividend or distribution declared, not including any imputation or franking credits.

Client

A client who holds an Account with FPM

CFD

Over-the-counter ("OTC") contract for difference that concludes with the parties settling the difference between the purchase price and the sale price.

Client's Account

The account established for a Client in accordance with the Terms and Conditions.

Close of Business

Time at which the market of the Exchange on which the Underlying Security over which a CFD is quoted normally closes on any Business Day.

Once we receive your Application Form, we will conduct appropriate credit reference and identity checks. Should your application be approved, we will provide you with written confirmation of the establishment of your Collateral Facility with FPM. FPM reserves the right to refuse any application without providing you with any reason.

10. GLOSSARY

Closing Date

The date on which the Client accepts the Closing Price of the underlying Security, or on which a Closing Date is deemed to have occurred in accordance with the Terms and Conditions.

Closing Price

The Underlying Security Price as determined by FPM at the time FPM receives the Closing Notice.

Closing Notice

Notice given by one party to the other to close out any CFD in accordance with the Terms and Conditions.

Closing Value

Closing Price multiplied by the Contract Quantity.

Corporations Act

Corporations Act 2001 (Cth)

Corporations Regulations

Corporations Regulations 2001 (Cth)

Confirmation

Document or documents confirming evidence exchanged between FPM and the Client, confirming the terms of the CFD.

Contract

A Transaction identified in the Confirmation or contract note as a "Contract for Difference" or "CFD".

Contract Value

Underlying Security Price multiplied by the Contract Quantity.

Deal

Has the same meaning as provided in the Corporations Act.



EST

Eastern Standard Time, Australia.

Excess Variation Margin

The amount of the Variation Margin plus any amount payable by FPM to the Client at that time and less any amount payable by the Client to FPM at that time.

Exchange

Any financial market on which the underlying security is able to be traded.

Financing Rate

The rate at which you pay or receive interest on CFD positions remaining open overnight.

FOS

The Financial Ombudsman Service Ltd

FPM Agreement, or this Agreement

Part 1 of the PDS, Part 2 of the PDS, the Terms and Conditions and the FSG, in all cases as amended, supplemented, replaced or updated from time to time.

FSG

FPM's financial services guide as amended, supplemented or updated from time to time.

Fund Constitution

Constitution governing a Superannuation Fund, as varied, substituted, supplemented or resettled from time to time.

Gross Liquidation Value (GLV)

The amount of money the Client would have left in their account should all of their open positions be closed out at the current market price less any interest, fees or transaction charges.

Initial Margin

An amount required to be deposited by the Client with FPM to open a CFD position.

Long Party

Party identified as having notionally bought the Underlying Security.

Margin

The Initial Margin or Variation Margin or both.

Margin Call

A demand for additional funds made to the Client by FPM to meet any additional margin requirement.

Quantity

The number or quantity of Underlying Securities to which the CFD relates.

Short Party

The party identified as having notionally sold the underlying security.

Terms and Conditions

The Terms and Conditions attached to this PDS as updated from time to time.

Transaction

A CFD between the Client and FPM and any other transaction which both parties agree shall be a Transaction, as reflected by the Client's order and the Confirmation.

Transaction Fee

The fee charged by FPM for executing the relevant transaction.

Trust Deed

The trust deed governing a Trust, as varied, Substituted, supplemented or resettled from time to time.

Underlying Security

The underlying security (including index) to which the CFD relates.

Underlying Security Price

The current price of the Underlying Security as determined by FPM.

Variation Margin

The amount deposited by the Client with FPM including any increase or reduction arising from settlement of a closed CFD position.

We, Us or FPM

Means First Prudential Markets Pty Ltd.



11. Terms and Conditions

11.1 Acknowledgements

By entering into this Agreement the Client is taken to be providing its written agreement to be bound by the terms and conditions of the FPM Agreement, including the terms and conditions set out below and acknowledges the following in favour of FPM:

- (a) CFD transactions are cash settled with no physical exchange of the Underlying Security;
- (b) there is no definitive term attached to a CFD, such a contract will continue until the Closing Date;
- (c) the Client has read, understood and agreed to the terms and conditions associated with dealing via our electronic trading platform;
- (d) if the Client comprises of more than one person they are bound jointly and severally by this Agreement;
- (e) the singular includes the plural and vice versa; and
- (f) anything FPM is permitted to do in accordance with this Agreement may be done in its absolute discretion, and any opinion or view required to be formed by FPM may be formed in its absolute discretion.

11.2 Capacity in which FPM acts

The Client acknowledges that in the administration of this Agreement and in entering into and performing its obligations under or pursuant to this Agreement FPM acts as principal.

11.3 Client Accounts

- (a) FPM agrees to establish an account in the name of the Client. The Client is the person (or persons) named as the holder of the Account.
- (b) All monies deposited into the Client's Account will be held on trust for the Client by FPM, deposited into one or more trust accounts established and maintained by FPM with its nominated bank and held and dealt with in accordance with the Corporations Act, the Corporations Regulations and the FPM Agreement. This money does not constitute a loan to FPM.
- (c) If the Client comprises of two or more natural persons and no other persons are named as the Client, the Account will be established in both names as joint tenants.
- (d) FPM retains all additional interest earned on Client money held in trust accounts with a bank, approved deposit-taking institution and/or exchange clearing house. Additional interest refers to interest earned after Clients have received their interest entitlement referred to in section 5.5 of this PDS and outlined in Part 2 of the PDS in section 1.3. The rate of interest earned on the money

in these accounts is determined by the provider of the deposit facility.

- (e) Under the Corporations Regulations, any interest or other earnings on:
 - Client money which FPM has withdrawn from a trust account and invested; and
 - the proceeds of realising such an investment, must be dealt with in accordance with FPM's and a Client's written agreement. By submitting an Application Form and becoming a Client of FPM, under the terms of the FPM Agreement the Client and FPM are taken to have entered into a written agreement with FPM to permit FPM to retain such interest or other earnings for its own benefit.
- (f) 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.
- (g) Under the Corporations Act and the Corporations Regulations, FPM 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 FPM;
 - to pay to itself money which FPM is entitled;
 - to meet obligations incurred by FPM in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in CFDs by FPM, including dealings on behalf of FPM's other Clients; and
 - to pay interest or finance charges due to FPM.
- (h) Under Corporations Regulation 7.8.02(1)(a), when a Client has directed FPM in writing to do so, FPM may pay the Client's money out of a trust account for such purposes and in such manner as the Client and FPM agree. Under the terms of the FPM Agreement, the Client is taken, for the purposes of the Corporations Regulation, to provide a written direction and authorisation to FPM to withdraw the Client's money from a trust account and use it as collateral for the purpose of fulfilling FPM's obligations to its market counterparties under FPM's hedging arrangements. This occurs where, for its own benefit, FPM enters into hedging arrangements with market counterparties to protect FPM from any losses it may incur under the CFD positions it has entered into with its 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 FPM's market counterparties and may be at risk of



being partly or wholly lost in the event of a counterparty default under FPM's hedging arrangements. By submitting an Application Form to FPM and becoming a Client of FPM, the Client acknowledges and agrees that under the FPM Agreement all amounts the Client deposits with FPM may be used as described above by FPM for its own purposes from time to time.

- (i) The Client acknowledges that it has no interest in or claims over FPM's contracts (if any) with any other person or in the accounts into which FPM lodges or pays 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.
- (j) 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 FPM 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, FPM 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 FPM and/or any associate of FPM in accordance with the terms and conditions of the FPM Agreement.
- (k) Under the FPM Agreement the Client authorises FPM to deal with any property, other than money, given to FPM in accordance with the FPM Agreement including, without limitation, dealing with such property in connection with the margining, adjusting or settling of dealings in CFDs entered into by the Client.

11.4 Entering into a CFD

- (a) Client may request on any given Business Day via telephone or otherwise FPM to quote a price at which FPM may be prepared to enter into a CFD. The Client agrees to and acknowledges that a price quotation pursuant to this request does not constitute an offer to enter into a new or close an existing CFD.
- (b) Upon receiving the quote from FPM, the Client may via telephone or otherwise offer to enter into a CFD with FPM at the price quoted by FPM.
- (c) FPM is in no way obliged to accept the Client's offer to enter into a CFD and, without limitation, is not obliged to accept the Client's offer to enter into a CFD:
 - (i) if the Client has exceeded or would exceed a predetermined limit imposed on the Client under Clause 10.4(g); or
 - (ii) until FPM has received from the Client the Initial Margin required in the form of cleared funds to enter into the respective CFD.

- (d) The Initial Margin required to enter into a CFD, if not already received from the Client, will be payable to FPM upon acceptance by FPM of the Client's offer to enter into the CFD.
- (e) Should FPM accept the Client's offer to enter into a CFD FPM will issue to the Client an electronic confirmation of the CFD entered into shortly after it has been entered into. This confirmation will be in the form of a deal confirmation. Failure by FPM to issue a deal confirmation will not prejudice or affect the relevant CFD. FPM will not bear any liability whatsoever resulting from the failure to issue a deal confirmation. FPM will promptly advise the Client should FPM decide not to accept a Client's offer to enter into a CFD.
- (f) The Client agrees to examine the terms of each deal confirmation immediately upon receipt and the Client agrees that the contents of the deal confirmation, in the absence of manifest error, will be conclusive evidence of the executed deal, unless within 3 Business Days of issue of a written confirmation the Client notifies FPM of any disputed detail in the deal confirmation received by the Client. Upon receipt of written notice within the 3 Business Day period to a disputed deal, FPM will investigate the dispute and in co-operation with the Client must endeavour to resolve the dispute in good faith. Notwithstanding any such dispute, the Client will continue to satisfy its obligation to pay Margin calls made by FPM in respect of the CFD as if the deal confirmation was correct and the details contained in the deal confirmation were not the subject of dispute.
- (g) In its absolute discretion, FPM reserves the right to limit the value of CFDs the Client may have outstanding under this Agreement:
 - (i) should the Client wish to enter into any further CFDs, the Client must seek and obtain approval from FPM; and
 - (ii) beyond which the Client may not enter into any further CFDs whatsoever.
- (h) FPM may vary the limit imposed at any time in its absolute discretion.

11.5 Settlement of Difference

- (a) After Close of Business on each Business Day over the term of an open CFD, FPM will determine at Close of Business the Contract Value of the CFD.
- (b) Should the Contract Value determined by FPM in accordance with Clause 10.5(a) be higher than the Contract Value determined by FPM in respect of the previous Close of Business, then the Short Party must pay to the Long Party the difference.
- (c) Should the Contract Value determined by FPM in accordance with Clause 10.5(a) be lower than the Contract Value determined by FPM in respect of the previous Close of Business, then the Long Party must pay to the Short Party the difference.
- (d) In order to determine in accordance with Clause 10.5(b) or 10.5(c) the Contract Value at Close of Business on the Business Day on which the CFD is entered into, the Contract Value will be determined by FPM using the



Underlying Security Price at which FPM and the Client agreed to enter into the CFD.

- (e) Should FPM determine that the Contract Value of a CFD at Close of Business cannot be determined in accordance with Clause 10.5(a) for any reason, the Contract Value at Close of Business will be the value determined by FPM in its sole discretion.
- (f) Without limiting Clause 10.5(e), if at any time trading on an Exchange is suspended or halted in any Underlying Security, FPM will, when determining the Contract Value, at its discretion consider the last traded price before the trading suspension or halt.

11.6 Dividend Payment and Receipt

- (a) In the event of a Client being the Long Party to a CFD, FPM will credit the Client's Account with an amount that will be equal to the cash dividend payable to the holder of the Underlying Security multiplied by the Quantity on the first Business Day following the ex-dividend date.
- (b) In the event of a Client being the Short Party to a CFD, FPM will debit the Client's Account with an amount that will be equal to the cash dividend plus any imputation or franking credits payable to the holder of the Underlying Security multiplied by the Quantity on the first Business Day following the ex-dividend date.

11.7 Closing out a CFD

- (a) At any time the Client may give FPM by telephone or otherwise notice of its intention to close any CFD (whether in whole or part) by specifying the Underlying Security and the Quantity of CFDs that the Client wishes to close.
- (b) Upon receipt of a Notice of intent to close a CFD, FPM shall use reasonable endeavours to provide a quote for the Closing Price and notify the Client of that quote (by telephone or otherwise). It is the Client's obligation to notify FPM as soon as possible (by telephone or otherwise) as to whether the Client is willing to accept the Closing Price quote. Should the Client accept the Closing Price quoted by FPM, the CFD, or relevant portion of the CFD, will be closed on the Closing Date.
- (c) At the Close of Business on the Closing Date, should there be a difference between the Closing Value and the Contract Value of the CFD (or portion of it closed under Clause 10.7(b)) it must be accounted for in the following way:
 - (i) Should the Closing Value be greater than the Contract Value, the Short Party must pay to the Long Party the difference; and
 - (ii) Should the Closing Value be less than the Contract Value, the Long Party must pay to the Short Party the difference.
- (d) Should the company whose security represents the Underlying Security on which all or part of a CFD is based, become externally administered in accordance with the meaning in the Corporations Act the CFD will be taken to have been closed at that time. The Closing Price of the CFD will be determined by FPM who will consider a

number of factors it deems appropriate including, for example, the last traded price of the Underlying Security.

- (e) Should the Underlying Security on which the CFD is based cease to be listed for quotation on an Exchange, or be suspended from quotation for 5 consecutive Business Days, FPM may, in its absolute discretion, without limiting clause 10.7(f) elect to terminate the relevant CFD by providing written notice to the Client. In the event of FPM electing to do so then:
 - (i) the Closing Date will be deemed to be the date which FPM notifies the Client of its election (the "Early Closing Date"); and
 - (ii) at the time FPM notifies the Client of its election to terminate the CFD, the Client will be treated as having given notice under clause 10.7(a) on the Early Closing Date.
- (f) If FPM determine that the Closing Value of a CFD cannot be calculated on the Closing Date for any reason, the Closing Value will be the value determined by FPM in its sole discretion.
- (g) Without limiting clause 10.7(f), if at any time trading in the Underlying Security on an Exchange is suspended or halted at any time, FPM will, in its absolute discretion in determining the Closing Value of a CFD, have regard to the last traded price before the suspension or halt.
- (h) All calculations made by FPM in accordance with this Agreement in the absence of any manifest error will be binding on the Client.

11.8 Settlement of Positions

- (a) Payments to be made to the Client with respect of any CFD will be made in accordance with this clause 10.8.
- (b) In the event of a CFD being closed out in accordance with clause 10.7, or settlement for difference being made in accordance with clause 10.5:
 - (i) FPM will credit to the Client's account any amount payable by FPM to the Client; or
 - (ii) subject to clause 10.8(c) the Client must pay to FPM any amount payable by the Client to FPM in cleared funds in any such currency that FPM may require immediately upon the payment request being made.
- (c) In the event of there being any free equity in the Client's Account, any amount owing by the Client in accordance with clause 10.8(b) shall be settled in whole or in part by debiting the Client's Account with FPM.
- (d) In the event of the Client requesting payment of any money owed to the Client under this clause 10.8, FPM will deduct the amount of the requested payment from the Client's Account and pay the Client, electronically, by cheque or in any other manner as agreed. Moneys owed to the Client that have not been the subject of any payment request by the Client will remain in the Client's Account.
- (e) FPM reserves the right to offset any money owed to the Client under this Agreement or any other agreement



against any moneys owed by the Client under this Agreement or any other agreement.

11.9 Adjustment Events

- (a) If the Underlying Security on which a CFD is quoted is subject to an adjustment or possible adjustment resulting from any of the events set out in clause 10.9(b), FPM will determine the adjustment, if any, that will be made to the Contract Value of that Underlying Security and/or the related Quantity that would have placed the parties in substantially the same economic position they would have been in had the event not occurred. FPM will notify the Client as soon as practicable about the time the adjustment is to take effect. Notice will be provided by FPM of any adjustment or amendment under this clause 10.9 to the Client as soon as reasonably practicable. In the absence of any manifest error any adjustment determined will be deemed conclusive and binding on the Client.
- (b) Clause 10.9(a) refers to any of the following adjustment events:
- (i) a share consolidation, reclassification or subdivision, or a share distribution that may occur at no additional cost to existing shareholders by way of capitalisation, bonus or similar issue;
 - (ii) a distribution to existing shareholders of additional shares or securities granting them the right to receive dividends and/or proceeds equally and proportionately with payments made 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 money cash or money's worth) at less than the prevailing market price per share as determined by FPM;
 - (iii) an event that has a dilutive or concentrative effect on the market value of the shares; and
 - (iv) any event for which FPM decides in its absolute discretion an adjustment is required.
- (c) in the event of the Underlying Security being subject to a take-over offer or similar event, FPM may at any time prior to the closing date of the offer provide the Client notice of FPM's intention to close the CFD, in accordance with Clause 10.7, with the Closing Price being the price notified to the Client by FPM.
- (d) If at any time an adjustment event occurs and it is not reasonably practicable as determined by FPM in its absolute discretion to make an adjustment in accordance with Clause 10.9(a) without limiting clause 10.9(c), FPM may at any time after the adjustment event give the Client notice of FPM's intention to close out the CFD. Should this occur the Client will be taken to have been provided with Closing Notice in accordance with clause 10.7, with the Closing Price being the price notified to the Client by FPM.
- (e) References to "offer", "take-over" and "closing date" in this Clause 10.9 will have the same meaning given to them in the Corporations Act 2001.

11.10 Interest on Open CFD positions

- (a) (i) In the event of borrowing by the Client that is a Long Party under a CFD, FPM is entitled to receive a finance charge by interest payments which will accrue on a daily basis and are payable to FPM daily by the Client; and
- (ii) in the event of borrowing by FPM from the Client that is a Short Party under a CFD, the Client may be entitled to receive interest payments which will accrue on a daily basis and are payable to the Client by FPM daily, from the date the CFD is entered into until the Closing Date, at an interest rate determined by FPM in accordance with Clause 10.10(e).
- (b) Each day FPM will make interest payments by debiting or crediting the Client's Account with the interest rate differential between the amount of interest payable by the Client and the amount of interest payable by FPM to the Client. Should the Client have insufficient free equity in its account, under this clause 10.10 the Client acknowledges that any such amount is a debt owed by the Client to FPM.
- (c) When debiting or crediting amounts of interest to the Client's Account, FPM may charge or pay the Client interest at a rate that is different to the rate which FPM is charged or paid on equivalent borrowings from its bank or counterparty.
- (d) FPM will retain the difference between the amount FPM may charge or pay the Client and the amount FPM may charge or paid on equivalent or similar borrowings with its bank or counterparty.
- (e) The interest rate applicable under this Clause 10.10 is the rate nominated by FPM from time to time.

11.11 Margin Requirements

Any reference to time under this Clause 10.11 includes weekends and public holidays.

- (a) Prior to entering into a CFD with FPM the Client acknowledges that FPM requires the Client to deposit cleared funds as an Initial Margin. The amount of Initial Margin required by FPM and the time at which it is required will be at the absolute discretion of FPM. FPM is not obliged to permit any offset of any Initial Margin required by FPM.
- (b) The Initial Margin requirement applicable in respect of any CFD may be increased by FPM in its absolute discretion as to time and amount. In the event of such an increase FPM may require that the Client deposit with FPM additional cleared funds equal to such an increase.
- (c) The Client may at any time in the discretion of FPM be required by FPM to pay additional margin by depositing with FPM cleared funds equal to the amount FPM may determine in its absolute discretion.
- (d) Should FPM require additional funds from the Client to pay Variation Margin ("Margin Call") the Client must pay the amount called by FPM within 24 hours, failure to do so will result in the Client being taken to be in default. In some situations FPM may require payment within a shorter time period (for example when there is unusual



volatility. In all respects, time shall be of the essence for all payment obligations of the Client.

- (e) Should FPM make a Margin Call, the Client acknowledges and agrees that FPM may refuse any request by the Client to enter into any further CFD positions until FPM has confirmed the receipt of the Margin Call amount in the form of cleared funds.
- (f) Any Margin amount deposited with FPM by the Client will not fall due for repayment until the obligations of the Client under or in respect of any other account between FPM and the Client and under this Agreement are satisfied in full. Until this time any Margin amount will not constitute a debt due by FPM to the Client nor will the Client have any right to receive payment of these funds.
- (g) Subject to the Client meeting all Margin Call obligations with respect to Clause 10.11(e) FPM may permit the Client to withdraw from its account any excess free equity.
- (h) The Client acknowledges that its liability with respect to Margin Calls (if any) is not limited to the amount it has deposited with FPM.
- (i) FPM will have sole, absolute and unfettered discretion, as to the exercise of any power or right under this Clause 10.11, including, without limitation, the calling of Margin.
- (j) Any power or right exercised by FPM under this Clause 10.11, including, without limitation, the calling of Margin, will be binding upon the Client.

11.12 Representations

- (a) Without limiting this Clause 10.12, where the Client is an individual, company, corporation, body corporate, or is acting as a partnership, a trustee of a trust, or trustee of a superannuation fund, the Client represents:
 - (i) for the purposes of this Agreement no one except the Client has any form of interest in the Client's account opened with FPM;
 - (ii) the Client has received, read and understood the documents comprising of the FPM Agreement including the Product Disclosure Statement prior to opening an account with FPM;
 - (iii) the Client has sought independent legal and financial advice prior to opening an account with FPM;
 - (iv) the Client has the authority and power to enter into and perform their obligations in accordance with this Agreement and to enter into a CFD with FPM;
 - (v) the Client has obtained all necessary authorisations with respect to entering into an agreement with FPM;
 - (vi) upon opening an Account with FPM and giving effect to the FPM Agreement and subsequently entering into a CFD with FPM the Client does not, and will not infringe:
 - (a) any agreement, deed, provision or other document to which the Client is a party; or

- (b) any binding laws, treaties, judgments, rulings, order or decree imposed by any governmental agency.
- (vii) the Client will not enter into a CFD with FPM as a bet or wager;
- (viii) these Terms and Conditions from a valid and binding obligation enforceable in accordance with the terms except to the extent enforceability may be limited by the availability of any equitable remedies or any applicable bankruptcy, insolvency, reorganisation or moratorium or similar laws affecting parties' rights generally;
- (ix) all information provided by the Client to FPM in applying for an account was true and accurate in all respects as at the date the information was provided to FPM and remains true and correct as at the date of the Application. The Client agrees that there are no known facts or circumstances which have not been disclosed to FPM and which, if disclosed, might reasonably be expected to have adversely affected FPM's decision to open an account and enter into this Agreement or any CFD.

- (b) Where the Client is a company the Client represents and warrants to FPM that:

- (i) the Client is not insolvent, no resolution has been passed or order made for the Client's winding up, or liquidation or appointment of an administrator or other insolvency official or manager;
- (ii) the company has been and is duly formed under the laws of the place of its formation;
- (iii) no bankruptcy, insolvency, deregistration notice has been issued or proceedings commenced against the Client within the last 3 years.

- (c) Where the Client is an individual the Client represents and warrants to FPM that:

- (i) the Client is of sound mind, legally competent, of full age and no bankruptcy notice has been issued or proceedings commenced against the Client.

- (d) Where the Client is the trustee of a trust the Client represents and warrants to FPM that:

- (i) the trust has been duly constituted, is valid and complies with all applicable laws and the trust deed has been executed and stamped, in accordance with the laws of the relevant State or Territory of Australia in which it was incorporated;
- (ii) the documents comprising the trust deed outline the powers granted to the trustee:
 - (a) to carry on all of the business activities conducted by it in any capacity;
 - (b) to enter into and comply with its obligations under, and to carry on the transactions contemplated by, agreeing to these Terms and Conditions;



- (c) all necessary resolutions have been duly passed and all consents have been obtained as required by the trust deed, or any other document or any law for the entry into, observance and performance by it of its obligations in accordance agreeing to these Terms and Conditions;
- (d) all obligations under, and transactions contemplated by, this Agreement constitute binding obligations and are lawfully enforceable against the trust and its property in accordance with their terms.
- (iii) the Client is the only trustee of the trust;
- (iv) no property whatsoever of the trust has been resettled, set aside or transferred to any other trust or settlement;
- (v) the trust has not been terminated, nor has the date or any event for the vesting of the trust's property occurred;
- (vi) no determination has been made to distribute the property held by the trust on a date which is earlier than the latest date under the trust deed by which the trust's property must be distributed;
- (vii) in entering into this Agreement and performing its obligations under it or the transactions contemplated by it, there is no conflict of interest on the Client's part;
- (viii) it has an unrestricted right to be fully indemnified or exonerated out of the trust's property in respect of any losses or liabilities incurred by it in its dealings with FPM, and the trust's property is sufficient to satisfy that right of indemnity or exoneration;
- (ix) all obligations in connection with the Trust have been complied with.
- (e) Where the Client is a trustee of a Superannuation fund the Client represents and warrants to FPM that:
 - (i) the transactions contemplated in accordance with these Terms and Conditions insofar as they concern the superannuation fund:
 - (a) comply with all requirements outlined in the Superannuation Industry Act (1993) (the SIS);
 - (b) are to be conducted in accordance with an investment strategy undertaken in accordance with section 52(2)(f) of the SIS;
 - (c) comply with all the requirements outlined in the fund constitution and rules of the superannuation fund, in force at the date of agreeing to the documents comprising the FPM agreement; and
 - (d) have been or are undertaken on an arm's length basis, for value and on commercial terms.
 - (ii) the trust has been duly constituted, is valid and complies with all applicable laws and the fund constitution has been executed and stamped, in accordance with the laws of the relevant State or Territory of Australia in which it was incorporated;
 - (iii) the constitution of the superannuation fund and its constituent documents give it the power:
 - (a) to conduct all of the business activities that it is currently engaged in, in any capacity;
 - (b) to carry on the transactions contemplated under this Agreement and to comply with its obligations and enter into transactions in accordance with this Agreement;
 - (c) all resolutions have been passed and all consents been obtained and all other procedural matters been attended to as required by the fund constitution, any other document or any law for the entry into, observance and performance by it of its obligations under these Terms and Conditions;
 - (d) the transactions contemplated under this Agreement constitute binding obligations and are fully and lawfully enforceable against it and the Trust's property in accordance with their terms;
 - (e) it is the only trustee of the superannuation fund;
 - (f) no property whatsoever owned by the superannuation fund has been re-settled, set aside or transferred to any other settlement or trust;
 - (g) the Superannuation Fund has not been terminated, nor has any event relating to the vesting of the Trust's property occurred;
 - (h) no determination has been made permitting the distribution of the superannuation fund's property on a date which is earlier than the latest date in accordance with the fund constitution by which the property of the fund must be distributed;
 - (i) no conflict of interest exists from entering into this Agreement and performing its obligations under it or the transactions contemplated by it;
 - (j) it has an unrestricted right to be completely indemnified or exonerated out of the superannuation fund's property in respect of any losses or liabilities incurred by it and the superannuation fund's property is sufficient to satisfy that right of indemnity or exoneration;
 - (k) all obligations in connection with the Superannuation Fund have been complied with.
- (f) FPM relies on representations and warranties made by the Client. These representations and warranties survive the entering into of this Agreement and of each CFD.

11.13 Authorised Persons

- (a) FPM has authority to act upon any written or oral instructions received from the Client or any person authorised to instruct FPM with respect to the Client's account. Persons authorised to instruct FPM with respect to the Client's Account are any persons listed in the account Application Form as "Authorised Persons" or



those persons whose names have been provided in writing to FPM as Authorised Persons.

- (b) Persons may only be Authorised Persons in the following circumstances:
- (i) where the Client is a company, corporation, body corporate and the Authorised Person is an employee or director of the Client;
 - (ii) the Client is a natural person and the Authorised Person is appointed to act in the temporary absence of the Client and is a family member; or
 - (iii) the Authorised Person is the holder an Australian Financial Services Licence (AFSL) or is authorised by a holder of an AFSL with respect to the activities conducted; or
 - (iv) in accordance with Clause 10.13(b)(iii) the Authorised Person is exempt from the requirement to hold an AFSL under the Corporations Act.
- (c) At any time the Client may notify FPM in writing of its intention to vary the Authorised Persons.
- (d) FPM is under no obligation to accept any instruction that is not made by an Authorised Person or to enquire as to the identity of any person providing the instruction if it reasonably believes the person is an Authorised Person.
- (e) Should FPM receive any instruction that it reasonably assumes was from an Authorised Person, FPM will not be liable for any properly performed action or omission by FPM in reliance on that instruction.
- (f) FPM shall not be liable for any act or omission by FPM in reliance on any instruction given or action taken by any person acting or purporting to act on behalf of the Client who is not listed as an Authorised Person.
- (g) This Clause will not apply to the extent the liability arises from the negligence, fraud or dishonesty of FPM or any of its employees and agents in relation to FPM's activities as an Australian Financial Services Licence holder.

11.14 Default Events

The following are Default Events, whether or not they are within the Client's control:

- (a) Any moneys owing to FPM by the Client under this Agreement (including monies owed under Margin Call) or any other agreement or on any account whatsoever are not duly paid or satisfied as and when they become due;
- (b) the Client fails to perform and observe any obligation required in accordance with this Agreement or any other agreement or on any account whatsoever held with FPM;
- (c) any representation made to FPM by the Client or on the Client's behalf that is incorrect or misleading;
- (d) the Client ceases to pay debts duly owed to FPM in accordance with this Agreement or threatens to cease carrying on business;
- (e) the Client calls a meeting to discuss a contemplated scheme of arrangement or compromise or the Client

enters or proposes to enter into any scheme of arrangement or compromise with its creditors;

- (f) the Client becomes insolvent or a receiver, or receiver and manager or administrator is appointed to the Client or any of the Client's assets;
- (g) a resolution is passed or a petition is presented or an order is made for the Client's winding up or liquidation;
- (h) the Client dies or becomes of unsound mind;
- (i) a bankruptcy notice is issued against the Client;
- (j) any security created by any mortgage or charge binding the Client's assets becomes enforceable and the mortgagee or the chargee takes steps to enforce the security attached to the mortgage or charge;
- (k) without the consent of FPM, any guarantee of or security to ensure the Client's obligations under this Agreement is, withdrawn or becomes defective or insufficient;
- (l) the Client's indebtedness to FPM becomes immediately due and payable, or capable of being declared due and payable, prior to its maturity, by reason of the Client's or any other person's default; and
- (m) the Client is not contactable by telephone within 24 hours, in order for FPM to obtain instructions with respect to a CFD, and in the absence of the Client making alternative contact arrangements.

11.15 Actions Following a Default Event

- (a) Upon or after any Default Event occurs, FPM, without prejudice to any other rights it may have under this Agreement, has the right and power in its sole absolute and unfettered discretion and without necessity to give prior or any notice to the Client to do any one or more of the following:
 - (i) in accordance with Clause 10.18 terminate this Agreement;
 - (ii) close out all or any open CFD positions the Client may have as if the Client had given a Closing Notice to FPM and had accepted the Closing Price determined by FPM in accordance with Clause 10.7;
 - (iii) in accordance with Clause 10.15(d) treat all or any open CFD positions as having been terminated by the Client;
 - (iv) terminate any agreement or account whatsoever the Client has or may have with FPM;
 - (v) in the event of there being insufficient funds in the Client's Account to satisfy amounts owing to FPM, FPM may cancel any outstanding orders in order to close the Client's Account or accounts;
 - (vi) satisfy obligations that the Client may have to FPM out of any property belonging to the Client including, money or security in FPM's custody or control including, without limitation, by selling securities lodged by the Client with FPM or setting off obligations such that security transferred as collateral is not required to be returned and to



enforce any asset or security held by FPM in such manner as it sees fit at the Client's expense;

(vii) transfer from the Client's other Accounts (accounts or obligations arising under agreements or financial products or financial services), if any, such funds as may be required for that purpose to satisfy all or any part of any obligation the Client may have to FPM under these Terms and Conditions or for any other reason;

(viii) exercise any power or right that FPM may have in accordance with this Agreement or in law or equity or take any other form of action as the holder of an AFSL may be required to take.

- (b) FPM shall not forgo any of the rights outlined in this Clause 10.15 incurred as a result of a delay in the exercise of such rights, should FPM not exercise any of its rights it reserves the right to do so at any time in the future.
- (c) Where FPM exercises its rights under this Clause 10.15(a)(ii) and/or 10.16, the Client authorises FPM to close out a CFD, at the Client's risk and expense as if the Client had given notice on the date that FPM exercises its right, in accordance with Clause 10.7.
- (d) In the event of FPM treating a CFD as having been terminated by the Client and FPM exercising its rights in accordance with Clause 10.15(a)(iii), FPM will calculate the amount owing by the Client or FPM as if the Client had been given a Closing Notice and the Client had accepted the Closing Price determined by FPM in accordance with Clause 10.7. FPM will have the right to debit from the Client's Account an amount equal to the amount which would have been payable by the Client to FPM had the CFD been closed at the Closing Price. This amount represents the damages incurred by FPM.
- (e) Any action taken by FPM in accordance with this Clause 10.15 shall not limit any other provision of this Agreement and be without prejudice to any of rights FPM may have to any remedy or damages.

11.16 Position Closures

Should any amounts payable by the Client to FPM in accordance with a CFD entered into under this Agreement, exceed 50% of the Margin required with respect to that CFD, FPM will close out the CFD in accordance with as if that event were a Default Event. This closure will occur in accordance with Clause 10.15(c).

11.17 Illegality

Should any event occur which has the effect of making or declaring it unlawful or impracticable for FPM to offer CFDs to the Client in accordance with the terms outlined in this Agreement, FPM may immediately terminate this Agreement by providing the Client written notice of that. A termination of this Agreement will also result in the closure of all CFDs in accordance with Clause 10.15(c) as if it were a Default Event. Any such termination will not relieve the Client of any obligations the Client may have to FPM in accordance with this Agreement prior to its termination.

In accordance with Clause 10.17 events include any change in law, regulation, treaty, order, official directive or ruling or in

their interpretation or application by any governmental authority or agent, the introduction, implementation, operation or taking effect of, any law, regulation, treaty, order or official directive or ruling.

11.18 Amendment and Termination of Agreement

- (a) FPM reserves the right to amend, alter, modify, substitute or supplement any of the terms of this agreement or any other part of the FPM Agreement by notice to the Client.
- (b) The terms of this Agreement are in force at the time immediately prior to the Client providing instructions to FPM to enter into a CFD. These are the terms on which the Client may enter into a CFD with FPM.
- (c) Until a notice of termination is received by either party this Agreement is deemed to continue. Should any party wish to terminate this Agreement a notice period of not less than 2 Business Days must be provided, with the termination taking effect upon expiry of the notice period. Termination of this Agreement will not release either party from their obligations or liabilities relating to any breach of the terms outlined in this Agreement.
- (d) In the event of this Agreement being terminated, a Closing Notice must be provided by the Client in respect of all open CFD positions. Such notice must be provided within 5 Business Days of the termination date. Should the Client fail to unwind any open CFD position within the 5 Business Days notice period, FPM reserves the right to close out CFD positions as if a Default Event had occurred in accordance with Clause 10.15(c).

11.19 FPM's Rights

In order to discharge any obligations the Client may have under this Agreement, FPM may at any time without prior notice to the Client:

- (a) apply all or part of any moneys or other property held in any of the Client's accounts with FPM for the purpose of the Client's dealings with FPM, in any order or manner that FPM sees fit, whether the liabilities are actual or contingent, primary or collateral, joint or several under the FPM Agreement or otherwise;
- (b) combine the balances of all of the Client's accounts with FPM under the FPM Agreement or otherwise; and
- (c) convert any currency balance in the Client's Account into the currency in which payments are due to FPM. FPM will not be responsible for any loss suffered by the Client as a result of such a conversion.

11.20 Indemnity

The Client indemnifies FPM, its employees, agents and representatives (for whom FPM acts as agent) from and against all sums of money, suits, claims, demands, costs, actions, proceedings, expenses damages and any other amounts payable by on behalf of or to the account of FPM in respect of any of the following events:

- (a) acting on the Client's instructions in relation to their dealings in CFDs, including any fines, penalties, compensation amounts and related expense incurred by



FPM for any Hedged Position it acquires in respect of the Client's CFD;

- (b) the occurrence of any Default Event in accordance with Clause 10.14;
- (c) the occurrence of a Default Event and FPM exercising any of its rights and powers upon occurrence of such an event (including indemnification for all legal costs)
- (d) the payment of any amounts to the Client, in accordance with the Terms and Conditions outlined in this Agreement; and
- (e) any lawful action by FPM in accordance with FPM's rights under this Agreement, including any actions by FPM to ensure compliance with any direction, request or requirement of any regulatory authority or government body or to prepare for and attend any informal or formal meeting, investigation, enquiry or notice to produce documents or information required or requested by such regulatory authority.

11.21 Limitations of Liability

- (a) The Client declares to have read understood and accepted all of the terms outlined in these Terms and Conditions and documents comprising the FPM Agreement. The Client agrees that when entering into a CFD with FPM the Client is relying on its own judgement and, to the extent permitted by law, in the absence of negligence, fraud or dishonesty by FPM or any of its employees, agents and representatives, FPM shall bear no responsibility or liability of any kind whatsoever with respect to any advice or recommendation given or views expressed to the Client, whether or not the advice, recommendation, or views expressed was as a result of a request by the Client, nor will FPM be liable in any respect of any losses incurred by the Client resulting from dealing in any product or products offered by FPM including CFDs.
- (b) FPM will bear no liability whatsoever in respect of any private dealings, contracts, transactions or relationships between the Client and any of FPM's employees or agents.
- (c) In the absence of negligence, fraud, dishonesty or misconduct by FPM or any of its employees, agents and representatives and to the full extent of the law, FPM bears no responsibility or liability for any Client's losses or damages whatsoever incurred as a result of any delay in transmitting or a failure to transmit funds caused by reasons outside the control of FPM or as a result of FPM's failure to execute orders in a timely manner or administer this Agreement in the manner contemplated by this Agreement for reasons beyond its control and, without limiting indemnity, the Client indemnifies and agrees to keep FPM and its employees, agents and representatives (for whom FPM acts as agent) indemnified and against all sums of money, actions, proceedings, suits, claims, demands, damages, costs, expenses and other amounts whatsoever arising in respect of any such loss or damage.

In accordance with 10.21(c) reasons outside FPM's control include but are not limited to, exchange control or other government restrictions, exchange or market

rulings, suspension of trading, power failure, telecommunication failure, strikes or war.

- (d) FPM will not be liable for any losses or damages arising from or in connection with any CFD as the result of any moratorium, suspension or delisting of any Underlying Security or any other occurrence in relation to an Exchange.
- (e) Every exemption and limitation from liability available to FPM will also be available to FPM's employees, agents and representatives.

11.22 Costs, Taxes and Expenses

- (a) The Client agrees to and acknowledges that responsibility for legal costs associated with entering into this Agreement, taxes and expenses incurred by the Client in connection with this Agreement, are the Client's responsibility.
- (a) FPM may charge for goods or services tax or similar tax (GST) by adding to the agreed price of any goods or services supplied by FPM in respect of any GST imposed on it.
- (b) The Client agrees that all taxes (including GST), expenses charged in connection with any CFD, all costs and expenses incurred by FPM in implementing the terms of this Agreement and in enforcing its rights under this Agreement will be reimbursed to FPM by the Client.
- (c) FPM may in its absolute discretion reduce or waive the minimum deposit amount, the minimum account balance or interest rates on debit balances, fees (including royalties or fees for third party services) or transaction charges, for individual clients or for classes of clients, for any length of time, with or without conditions, without notice.

11.23 Payments

- (a) The Client acknowledges that should they effect a CFD transaction with FPM, the Client must pay all transaction charges, fees, margins, settlements, interest and any other amounts due under this Agreement on demand by FPM in cleared funds or otherwise as required in accordance with the terms of this Agreement without set-off or withholding.
- (b) The Client confirms and acknowledges that FPM is permitted to deduct, without further reference to the Client, amount for costs, fees, charges, transaction costs, charges and any other amounts owing under or in respect of any financial product or financial services provided by FPM under the Client's account or under any other agreement, arrangement or by operation of law including administration charges, charges relating to the use of its electronic trading platform and royalties payable to any exchange from the Client's Account held with FPM during the full term of this Agreement whilst the Client utilises such services and any indemnified amounts.

11.24 Adviser Commission

Any commissions payable by the Client with respect to CFD dealings conducted on behalf of the Client by their financial adviser will be deducted from the Client's Account by FPM for



remittance to the Client's financial adviser pursuant to details provided in writing by the Client to FPM. Adviser commissions are payable immediately upon the entering into and the closing of a CFD.

11.25 Exchange Royalties and Fees

Should the Client be given access through the electronic platform or otherwise to prices or information provided by any exchange to which a royalty or other fee must be paid for the use of such prices or information FPM shall have the right to effect the payment of any such royalty or other fee by debiting the Client's Account on a monthly basis.

11.26 Electronic Trading Platform

Should the Client use the electronic trading platform the Client must pay to FPM a monthly access charge for the use of this facility. The Client authorises FPM to debit its Account for the use of this service.

11.27 Administration Fees

The Client confirms and acknowledges that FPM is permitted to deduct, without further reference to the Client, all administration fees, including but not limited to fees associated with returned cheques, payment processing, Short Message Service (SMS), debt collection and telephone transcript copies from the Client's Account with FPM during the full term of this Agreement whilst the Client utilises such services.

11.28 SMS Service Fee

- (a) Should the Client request the delivery of correspondence regarding your account via the Short Message Service ("SMS"). The Client must pay an SMS Service Fee to FPM.
- (b) The SMS service fee is due and payable to FPM upon delivery of an SMS and will be debited from the Client's Account the end of the each trading day.

11.29 Payment in Gross

- (a) Payments by the Client to FPM in accordance with this Agreement must be made without any offset, counter claim or condition and without any deduction or withholding of any or any other reason unless the deduction or withholding is required by applicable law. Should the Client be required to make any form of deduction in respect of tax from any payment to be made or if FPM is required to pay any tax in respect of any payment made in relation to this Agreement at the Client's request the Client agrees to keep FPM indemnified against tax and agrees to pay to FPM any additional amounts required to ensure FPM receives the full net amount that is equal to the amount FPM would have received had a deduction, withholding or payment of tax not been made.

11.30 Currency of Payment

All amounts due to FPM or payable by FPM to the Client under this Agreement are payable in the currency FPM determines at the time of payment.

11.31 Default Interest

The Client agrees that interest will be paid and FPM is entitled to deduct such payments from the Client's Account. This deduction applies to any amount due to FPM by the Client, from the date the amount becomes due until the date the amount together with interest under this clause is paid in full. Interest will be calculated by FPM daily and compounded monthly at a rate determined by FPM from time to time.

11.32 Sharing of Fees and Charges

The Client agrees that FPM may at any time share transaction fees and charges with any other persons without being required to disclose the sharing of such fees and charges to the Client, unless such disclosure is required by law.

11.33 Power of Attorney

The Client agrees to appoint FPM and each director, secretary, officer and employee who is a manager of FPM as the Client's attorney at any time and following the occurrence of a Default Event in accordance with Clause 10.14 to execute and deliver all documents and to do all things necessary as the Client's attorney to give effect to the terms of this Agreement, and in particular, without limitation to the exercise of any of the rights and powers associated with the actions following a default event as outlined in Clause 10.15.

11.34 Notices

- (a) Any notices or communications, which include demands for payment of Margins or other payments to FPM in relation to a CFD, can be made by telephone, email, mail, facsimile to the contact details as provided by the Client to FPM.
- (b) All communications will be declared by the Client to have been received:
 - (i) when delivered to the Client if delivery occurs in person;
 - (ii) 3 Business Days from and including the date of postage if delivered by mail;
 - (iii) when transmitted to the Client if delivered by facsimile; and
 - (iv) when transmitted to the Client if sent by email or SMS.

11.35 Assignment

- (a) This agreement remains in force and to the benefit of FPM's successors and assignees.
- (b) FPM retains the right to assign to or take an assignment from any party of any of the benefits associated with this Agreement, any CFD or the balance of the Client's Account.
- (c) The Client agrees and acknowledges that without the prior written consent of FPM the Client may not assign or transfer all or any part of the Client's rights and benefits associated with this Agreement or any CFD to any other party.



11.36 Disclosure of Information

Information may be provided to any regulatory authority or any other person or organisation where FPM reasonably considers that the disclosure is required by law, regulatory requirement or necessary to protect FPM's interests. The Client authorises FPM to provide any such information concerning the Client's account, this Agreement, any CFDs entered into or proposed to be entered into by the Client.

11.37 Telephone Recordings

- (a) FPM may record telephone conversations with the Client with or without the use of an automatic tone warning device. The Client agrees to the use of such recordings and their transcripts for any purpose which FPM considers desirable including as evidence in any dispute between FPM and the Client.
- (b) FPM is not obliged unless the law requires for it to keep any transcripts or copies of any telephone recording or conversation or to tell the Client when it disposes of the record.
- (c) FPM agrees that upon request, copies of any telephone recording or transcript relating to the Client's dealings will be provided to the Client in the event of a dispute or anticipated dispute with respect to such dealings. The Client agrees to pay any reasonable cost associated with providing any such transcript or copy.

11.38 Provision of Information and/or Advice

Generally FPM will not provide Clients with financial product advice however there are circumstances where FPM may choose to provide such advice.

- (a) Should FPM provide general advice to the Client the advice provided will not take into account the Client's objectives, financial situation or needs. Accordingly, before the Client applies to deal in FPM products, the Client must consider its objectives, financial situation and needs and the significant risks of loss which accompany the prospects of profit associated with dealing in FPM's products and form the opinion that dealing in FPM's products is suitable for their purposes.
- (b) In the event of FPM providing the Client with personal advice (advice which takes into consideration the Client's financial objectives circumstances or needs) FPM will provide the Client with a Statement of Advice (SOA), except in the circumstances outlined in Clause 10.38(c). The SOA FPM provides will set out the personal advice which FPM has provided, including any recommendations provided, the basis for the advice or recommendation and additional information outlining fees, commissions, associations or relationships which may be reasonably expected to be capable of influencing the provision of that advice or recommendation.
- (c) The Client will not receive a SOA if permitted by law. Without limiting those circumstances, currently if FPM gives the Client further advice and the Client's relevant personal circumstances are not significantly different from the Client's relevant personal circumstances in the Client's previous SOA, FPM need not give the Client a SOA. In this case, the Client may request a record of the further advice given to it within 90 days of the further

advice being given if the Client has not already been given that record. The Client may request the record by contacting FPM in writing.

- (d) If the Client does not provide FPM with sufficient information concerning their personal financial objectives, circumstances and needs, FPM's advice can only be general advice. In such situations where only general advice has been provided, the Client must ensure that the advice is appropriate considering the Client's personal financial objectives, circumstances and needs.
- (e) FPM maintains records of execution related telephone advice, the Client may request from FPM a record of such advice. If the Client has already been given details of the execution-related telephone advice provided a request must be made within 90 days after the day on which the advice was provided. The Client may request a copy of the advice via telephone or in writing. Where a request is made, FPM will endeavour to fulfil the Client's request within two business days after receipt.
- (f) Whilst FPM believes that any information or advice provided to the Client is reliable, to the extent permissible at law, no warranty is given as to its accuracy and any person who relies on it does so at their own risk. In so far as any such information or advice contains material from other sources, to the extent permissible at law FPM makes no warranty in respect of and FPM accepts no responsibility for the accuracy of that material. All information and advice provided to the Client is for the use of the Client only and is not to be communicated to any third party without the prior written consent of FPM.

11.39 The Law Governing this Agreement

This agreement is governed by the laws in force in New South Wales and all parties to this Agreement agree to submit to the non-exclusive jurisdiction of the Courts of New South Wales.

11.40 Miscellaneous

- (a) The illegality, invalidity or unenforceability of any provision outlined in this Agreement under the law of any jurisdiction does not affect its legality, validity or enforceability under the law of any other jurisdiction or the legality, validity or enforceability of any other provision within this Agreement. This is subject to Clause 10.17.
- (b) Should any term or part of this Agreement become invalid or not enforceable in accordance with its terms, all other terms or parts of, which are self sustaining and capable of separate enforcement without regard to the invalid or unenforceable term or part will continue to be valid and enforceable.
- (c) No failure, delay, relaxation or indulgence on the part of FPM in exercising any power or right granted to it under this Agreement or otherwise shall operate as a waiver of such power or right, nor shall any single or partial exercise of such power or right preclude any future exercise of it.
- (d) Time is of the essence of this Agreement.
- (e) The Client represents and warrants unless otherwise notified to FPM that the Client will enter into all CFD transactions as principal.



- (f) The Client should before acting on any financial product advice which FPM provides that does not take into account the Client's objectives, financial situation or needs consider its appropriateness having regard to the Client's objectives, financial situation or needs and obtain independent advice. In the event of the advice relating to the acquisition or possible acquisition of a particular financial product, the Client should read and understand any relevant product disclosure document prepared in respect of that product before making any decision about whether to acquire the product.
- (g) The Client may under no circumstances amend any of the terms in this Agreement.
- (h) FPM may amend any of the terms of this Agreement in accordance with Clause 10.18. By continuing to deal with FPM or to access or use the electronic trading platform, the Client agrees to any amendments.
- (i) The Client agrees that FPM may verify by an appropriate means which may include the use of the services provided by a third party agency that the Client has complied with all of the Terms and Conditions outlined in this Agreement.

11.41 Use of the electronic trading platform

- (a) FPM agrees to grant the Client access to one or more electronic terminals, including terminal access through the Client's Internet browser, for the electronic transmission of orders to the Client's account with FPM.
- (b) FPM shall permit the Client electronically to monitor the activity and positions in its Account by providing an electronic trading platform. The electronic trading platform may be a proprietary service offered by FPM or a third party system offered by another broker, vendor or exchange.
- (c) The electronic trading platform includes all software and communication links. In accordance with this Agreement, FPM agrees to supply the Client with software for use with the electronic trading platform, and to agree to grant the Client a non-exclusive and non-transferable licence to use the electronic trading platform subject to the terms of this agreement.
- (d) The Client agrees to use the electronic trading platform software solely for their internal business or investment purposes.
- (e) Should the electronic trading platform be provided by a third party, the Client agrees and acknowledges that FPM will receive benefits in accordance with the terms of any agreements between the third party service provider and the Client as if FPM were a party to the agreement.

11.42 Access to the electronic trading platform

- (a) The electronic trading platform provided by FPM may be used to transmit, receive and confirm the execution of orders, subject to market conditions and applicable exchange rules and regulations.
- (b) FPM consents to the Client's access and use in reliance upon the Client having adopted procedures to prevent unauthorised access to and use of the service, in any

event, the Client agrees to any financial liability for trades executed through the service.

- (c) The Client may send and receive, electronic messages, email, engage in chat, download and upload files and otherwise use the electronic trading platform as permitted in accordance in this agreement, our policies, any applicable laws and, if a third party provides the service, the terms of use and access agreement. Any activity in conferences and chats are subject to review, modification and deletion without notice to the Client.
- (d) FPM reserves the right to institute or change any policies at any time relating to the use of the electronic trading platform. Bulletin boards may be subject to limitations on usage, reproduction or dissemination, and the Client remains responsible for adhering to any such limitations.

11.43 Password Use

Should the Client be granted access to the electronic trading platform the Client acknowledges and warrants that:

- (a) it has received a password granting it access to the electronic trading platform;
- (b) the Client is the sole owner of the Password provided; and
- (c) the Client accepts full responsibility for any transaction that may occur on the Client's account, accessed through the use of the Password provided to the Client by FPM.

The Client warrants and agrees that any person who is in possession of any Password is authorised by the Client, and the Client acknowledges that they will be responsible for any actions on their account associated with the use of their Password. The Password is deemed to be an electronic signature and has the effect of such in its use in forming an agreement between FPM and the Client. FPM's electronically stored record of the date on which the Client accepts such an agreement is evidence as to the effective date of the agreement. In the event of there being obvious tampering or loss of data, The Client shall not contest the enforceability of FPM's copy of any such agreement.

11.44 Warranties and Limitation of Liability

- (a) The Client agrees to accept full responsibility for the use of the electronic trading platform and for any orders transmitted through the electronic trading platform.
- (b) The Client agrees to notify FPM immediately should the Client become aware of the following:
 - (i) any unauthorised use, loss or theft of the Client's, Username, Password or account numbers; or
 - (ii) inaccurate information with respect to the content of statements including, cash balances, open positions or transaction history.
- (c) The electronic trading platform is provided on an "as-is" basis, FPM makes no express or implied representations or warranties to the Client regarding its operation or usability.



- (d) FPM makes no representations or warranties regarding the services provided by any third party.
- (e) FPM does not warrant that access to or use of the electronic trading platform will be uninterrupted or error-free, or that the service will meet any particular criteria with respect to its performance and quality. FPM expressly disclaims all implied warranties, including without limitation warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security or accuracy.
- (f) Under no circumstances, including negligence, will FPM, its employees and service providers be liable for any direct, indirect incidental, special or consequential damages including, without limitation, business interruption or loss of profits, that may result from the use of or inability to use the electronic trading platform.
- (g) Clause 10.43(f) shall not apply to the extent of any law prohibiting such exclusion or limitation of liability; in such circumstances liability arising out of any action or omission by FPM will be limited to an amount equal to the amount of fees paid to FPM by the Client for use of the electronic trading platform or as permitted by law.
- (h) The Client agrees that the use of the electronic trading platform is at the Client's risk and the Client assumes full responsibility for any losses resulting from the use of or materials obtained via the electronic trading platform.
- (i) FPM, its directors, officers, employees, agents, contractors, affiliates, third party vendors, information providers, and other suppliers providing information or data services do not warrant that the electronic trading platform will be uninterrupted or error free nor do they make any warranty as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service or transaction provided through the use of the electronic trading platform or the results obtained from its use.
- (j) FPM and its service providers will not accept any form of liability including any loss or damage to the Client or to any other person for:
 - (i) transmission, delivery, inaccuracies, errors or delays in, or omission of any data, information or messages;
 - (ii) non-performance;
 - (iii) Interruptions in data, information or message transmission, due to any negligent act or omission, including any "force majeure" event or any other cause, whether or not within FPM's control;

Force majeure events include amongst other things, floods, extraordinary weather conditions, earthquakes, acts of God, fire, war, riot, labour disputes, accidents, actions of any government, communications or power failure, equipment or software malfunction.
- (k) FPM will not be deemed to have electronically transmitted any order or communication to the Client until FPM has actual knowledge of any such order or communication. The terms of any order or communication electronically transmitted to the Client may be subject to change or correction.

- (l) The use and storage of any information provided to the Client through the use of the electronic trading platform is for the use of the Client and is the Client's sole risk and responsibility.
- (m) The Client is responsible for providing and maintaining the communications equipment and telephone or alternative services required for accessing and using the electronic trading platform, and for all communications service fees and charges incurred by the Client in accessing the electronic trading platform.

11.45 Representations

- (a) The Client acknowledges that from time to time, and for any reason, the electronic trading platform may not be operational or otherwise available for the Client's use due to servicing, hardware malfunction, software defect, service or transmission interruption or other cause.
- (b) The Client agrees not to hold FPM and any of its service providers (for whom it acts as agent in this regard) liable for any form of damage arising as a result of the unavailability of electronic trading platform.
- (c) The Client acknowledges that the Client has alternative arrangements in place at all times, for the transmission and execution of orders, if for any reason, circumstances prevent the transmission and execution of all, or any portion of, the Client's orders through the electronic trading platform. Such arrangements may be in the form of telephone, facsimile transmission, or otherwise.
- (d) In the event the electronic trading platform not being operational, the Client agrees to contact FPM to make alternative order entry arrangements.
- (e) The Client is responsible for all communications sent via the electronic trading platform.
- (f) The Client may not under any circumstance use the electronic trading platform to do any of the following:
 - (i) publish, post, distribute or disseminate defamatory, infringing, obscene or other unlawful or offensive material or information;
 - (ii) threaten, harass, stalk abuse or violate the legal rights of others;
 - (iii) intercept or attempt to intercept any email correspondence;
 - (iv) upload files that contain software or any other material that may be protected by intellectual property laws unless all necessary consents have been received;
 - (v) upload files that contain any form of computer virus or corrupt data;
 - (vi) falsify the origin of any material or software uploaded to any bulletin board, whether it be contained in a file or otherwise;
 - (vii) use the platform in any manner that may adversely affect its availability or its resources to other users;



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- (viii) send correspondence electronically or otherwise to other users for any purpose other than personal communication;
 - (ix) act, or fail to act in a manner which may result in the violation of any laws or regulations.
 - (g) The Client's failure to observe any of the undertakings or representations may result in terminal civil or criminal liability, as well as termination of the use of the electronic trading platform.
 - (h) The Client represents and warrants that it is fully authorised to enter into this Agreement with FPM and is under no legal disability which may prevent any trading, and that the Client shall comply with all laws, rules and regulations.
 - (i) The Client agrees that it is aware of and will abide by any rules or procedures adopted by FPM or any of its service providers in connection with use of the electronic trading platform.
 - (j) The Client agrees that it shall not permit any third party to copy, use, modify, disassemble, translate or convert any software provided to the Client in connection with use of the electronic trading platform or distribute the platform to any third party.

11.46 Termination of Access

FPM may at any time at its sole discretion terminate or restrict any Clients access to the electronic trading platform at any time. Should FPM terminate the Client agreement or access to the trading platform any electronic trading platform licence agreement shall automatically terminate and any hardware, software, manuals or other items provided by FPM be returned. The Client will be liable for all fees charges and obligations incurred under this Agreement prior to termination.

11.47 Indemnity

The Client agrees to indemnify FPM, its directors, officers and employees and all of its services providers and their principals, affiliates, agents and employees (for whom it acts as agent in this regard) from all claims, demands, proceedings, suits, actions, losses, liabilities, costs and expenses, incurred or suffered by FPM and/or any of its services providers and/or FPM or its principals, affiliates and agents arising from or relating to the Clients dealings and use of the electronic trading platform. This indemnity provision shall remain in force after the termination of this Agreement.



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