



Product Disclosure Statement

Part 2

Contracts for Difference

Date 12th January 2009

First Prudential Markets Pty Ltd
Level 5, Exchange House
10 Bridge Street
Sydney NSW 2000

Phone: 1300 376 233

www.fpmarkets.com.au

**FIRSTPRUDENTIAL
MARKETS**

Think **FIRST** for CFDs



About this Product Disclosure Statement (PDS)

Part 2 of the 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 Part 2 of the 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 Part 1 of the PDS.

This PDS comprises of two parts

Part 2 of the PDS should be read in conjunction with the most recent Part 1 of the PDS which describes the products made available to you by FPM and how you are able to deal in them. The terms used in Part 2 of the PDS have the same meaning given to them as defined in the glossary in Section 9 of Part 1, unless the context implies the contrary.

The information contained in Part 2 of the PDS

Part 2 of the PDS sets out the overnight financing charge rates and fees that you may incur in respect of your dealings in our products, the interest that you may pay or receive with respect to your account balance and other fees and charges that you may incur through dealing with FPM.

The information in Part 2 replaces all previous versions. It is subject to change from time to time. It is up to date as at 12th January, 2009. To the extent that the change is not materially adverse to customers, FPM may update Part 2 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.

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.

The PDS and other documents

This PDS is dated 12th January, 2009. We advise that you keep Part 2 of the PDS, Part 1 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 and representations contained in Part 2, the most recent Part 1 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 2 of the PDS, Part 1 of the PDS, the Terms and Conditions and other documents comprising the FPM Agreement.

Financial amounts

Should a financial amount be specified in this PDS it will be deemed to be expressed in Australian dollars unless otherwise stated or the context implies to the contrary.



1. Schedule of Fees and Charges

1.1 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 is debited from your account on a daily basis. Details of your transaction fees are provided on your daily statement.

Standard fees and charges applicable to Australian share CFDs are outlined below. The minimum transaction fee charged on a CFD trade is \$40.00. This is applied to transactions with a face value of less than \$40,000.

Share CFD	Transaction Fee	
	Minimum	Rate
Australian	\$40.00	0.40%

FPM may in its absolute discretion reduce the transaction fee without the issue a revised Part 2 of this PDS (or supplement) this may be dependent on you trading volume or account balance, in all other circumstances a revised Part 2 of this PDS (or supplement) will be issued.

1.2 Overnight Interest on Open Positions

In the event of you holding a long CFD position overnight you will be required to pay a financing charge at an interest rate. 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) rate plus or minus a margin. Interest is debited from and credited to your account on a daily basis.

Standard overnight interest rates applicable to Australian share CFDs are outlined below.

Share CFD	Overnight Interest	
	Long	Short
Australian	RBAIOCR +4.00%	RBAIOCR -4.00%

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 you portfolio and/or changes to the Reserve Bank of Australia Interbank Overnight Cash Rate (RBAIOCR) rate or the margin applied by FPM.

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

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

FPM may in its absolute discretion reduce its margin applied to the overnight interest rates applicable to your long and short CFD positions without the issue a revised Part 2 of this PDS (or supplement) this may be dependent on you trading volume or account balance, in all other circumstances a revised Part 2 of this PDS (or supplement) will be issued.

1.3 Interest earned on account balances

Should you have a credit balance in your account after all of your margin obligations have been met, FPM will pay you interest. Should you have a debit balance in your account FPM will charge you interest on the full amount of the debit balance. All interest payments are calculated daily and posted to your account at the end of each calendar month.

Account Balance	Interest Rate (RBAIOCR + or – FPM margin)
Credit	RBAIOCR -4.00%
Debit	RBAIOCR +4.00%

We will advise you of any change to FPM's margin rate that you may receive or be liable to



pay on you account balance through the issue of a revised Part 2 of this PDS. FPM will not issue a revised Part 2 of this PDS should there be a change to the RBAIOCR, this rate is available from the following website www.rba.gov.au.

1.4 Margins

Initial Margin is the amount FPM will debit from your account as soon as you open a new CFD position. This acts as a security buffer and protects FPM in the event of a default by you. FPM requires an Initial Margin calculated as a percentage of the contract value. The initial margin required by FPM for its CFDs will range between 1-100% of the contract value and is determined at FPM's discretion mostly by the volatility and 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.

1.5 Minimum Deposit Amount

FPM requires a minimum deposit amount of \$5,000 in order to open your account.

1.6 Minimum Account Balance

FPM requires that you maintain a minimum balance in your account at all times. If your account balance fall below the minimum required balance FPM reserves the right to reduce or close out your CFD positions.

The minimum required account balance as at the date of Part 2 of the PDS is \$2,000. (This may be varied in accordance with the terms of your account.)

1.7 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 for the use of such prices or information FPM shall have the right to effect the payment of any such amount by debiting your account at the end of each calendar month.

The ASX exchange royalty charged by FPM as at the date of Part 2 of the PDS is \$38.50 per month, inclusive of GST.

For the ASX exchange data to be delivered to your mobile phone there is an additional charge by FPM of \$49.50 per month, inclusive of GST.

Through the electronic platform you will be able to access prices or information provided by other exchanges. There are royalties or other fees which must be paid for access to the Exchange prices or information. The royalty fee is charged per market. Each market royalty fee varies in price. If you subscribe to more than one market you will be charged the royalty fee for each market you subscribe to each month. FPM shall have the right to effect the payment of any such royalty per market by debiting your account on a monthly basis. Please refer to the table below for the royalty prices involved. The client may subscribe and unsubscribe to market data at any time by completing the subscription form the website and faxing it to FPM.

Royalties	incl GST
SFE	\$100.00
International Markets Live	\$15.00
London Metal Exchange Live	\$25.00
International Markets Indices Live (IZ)	\$30.00
Reuters News	\$65.00
DJ Aust News	\$65.00
ASX Com News Live (PDS)	\$40.00
NZSE access fee	\$35.00
NZSE depth	\$75.00
NZSE news/quote/depth	\$90.00
Excel Addin	\$65.00

1.8 Electronic trading platform

Should you subscribe to the use of our electronic trading platform you may pay to FPM a monthly access charge for the use of this service. You authorise FPM to debit your trading account for the use of this service at the end of each calendar month.

As at the date of Part 2 of this PDS the monthly access charge for the use of the electronic trading platform is up to \$88.00, inclusive of GST.



without conditions, without the issue of a revised Part 2 of this PDS (or supplement).

1.9 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 SMS service fee will be due and payable to FPM upon delivery of a SMS and will be debited from your Account at the end of each trading day.

As at the date of Part 2 of this PDS the SMS service fee is \$0.50. This fee is charged per SMS and is inclusive of GST.

1.10 Administration Charges

FPM charges fees for certain administrative services which occur in the course of your dealings with us. Administrative services to which fees are applicable are outlined in the table below.

Administrative Service	Fee (incl. GST)
Withdrawal (electronic)	\$15.00
Withdrawal (cheque)	\$15.00
Withdrawal (same day value)	\$25.00
Credit Card Payments (AUD)	1.8% of transaction value
Telephone Conversation Transcript	Upon request
Historical Client Statements.	\$10.00 each
Audit Letters Confirming Account Balance	\$10.00 each
Debt Collection	1 st Call \$25.00 2 nd Call \$50.00 Agency plus court and legal costs and interest \$150.00
Legal review of Trust Deed	\$150.00

1.11 Reductions & Waivers

FPM may in its absolute discretion reduce or waive the minimum deposit amount, the minimum account balance or interest rates on debit balances, electronic trading platform charges, administration charges, SMS service fees, 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

1.12 Third Party Charges

The fees and charges payable by you to FPM may differ from the fees and charges payable by FPM to its third party service providers from time to time.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY