# Product Disclosure Statement

## Margin Foreign Exchange & CFD Trading

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## 1. Summary

| Number | Issue | Summary |
|---|---|---|
| 1 | **Who is the issuer of this PDS and the**<br><br>**Margin FX Contracts & CFD's?** | TF Global Markets (Aust) Pty Ltd is both the issuer of this PDS and the provider of Margin FX Contracts & CFD's. |
| 2 | **What is a foreign exchange transaction?** | Foreign exchange is about exchanging one currency for another. In a foreign exchange transaction one currency can be bought or sold in exchange for another currency. |
| 3 | **What financial products do we provide?** | Margin FX Contracts & CFD's. |
| 4 | **What are Margin FX Contracts.** | A Margin FX Contract is an agreement under which you may make a profit or incur a loss arising from fluctuations in the price of the contract. The prices of our Margin FX Contracts are based on the price of an underlying currency. However, you do not own that Underlying Instrument or trade it on an exchange by owning a Margin FX Contract. By entering into a Margin FX Contract, you are either entitled to be paid an amount of money or required to pay an amount of, money depending on movements in the price of the contract. The amount of any profit or loss made on a Margin FX Contract will be the net of:<br><br>• the difference between the price of the contract when the position is opened and the price of the contract when the position is closed;<br>• any Margin adjustments in respect of the contract;<br>• any Swap Charges and Swap Benefits relating to the contract.<br>The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances. |
| | **What is a CFD?** | Agreements to pay or receive the change in value of a share, a share index a commodity or a foreign currency depending on whether the price rises or falls.<br><br>CFDs are speculative products, and their leverage places a significantly greater risk on your investment than non-leveraged investment products such as conventional share trading. |

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| 5 | **What is a Position?** | A Position is a Margin FX Contract or CFD entered into by you under the Term of Business |
| 6 | **A Margin FX Contract is issued "over the Counter". What does this mean?** | Over the counter ("OTC") means that you do not trade in Margin FX Contracts or CFD's through an exchange or market; rather, it is a transaction between you and us. This means you can only enter into contracts in relation to our products with us. You do not have the protections normally associated with trading on a regulated market. It is not possible to close a Margin FX Contract by giving instructions to another provider, broker or Australian financial services licensee. |
| 7 | **What charges are payable when dealing In Margin FX Contracts & CFD's?** | The common fees and charges you will incur when dealing in Margin FX Contracts & CFD's may incorporate any or all of the following:<br>• Payment of Margins;<br>• Margin adjustments;<br>• Swap Charges and Credits at the applicable Swap Rates;<br>• Interest charges applied to debit balances in your Account;<br>• Administration charges; and In addition, we will apply a bid / offer spread in respect of financial products, which will also affect the profits or losses you make when dealing with these contracts |
| 8 | **How do I open an Account?** | Read this PDS, the Client Terms And Conditions and our FSG, and then complete an application form. You may obtain these documents by:<br>• telephoning us on 1300-390-515 (within Australia) or +61-3-9093-3400<br>• going to our website at www.thinkmarkets.com<br>• writing to support at support@thinkmarkets.com |
| 9 | **What is the minimum balance to open an Account?** | AUD$250 or equivalent. Unless otherwise specified, all dollar amounts referred to in this PDS are<br><br>denominated in Australian Dollars |
| 10 | **How do you deal in Margin Contracts With us?** | You may place orders to deal in Margin Contracts in two ways:<br>• by telephoning on 1300-390-515 (within Australia) or 61-3-9093-3400<br>• using our Trading Platforms through a computer connected to the internet or your mobile<br>Telephone.<br><br>We will not accept orders or instructions from you through any other means, such as email, unless we have previously |

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| | | agreed with you to do so. It is possible for a third party to place orders<br><br>on your behalf provided that a written Power of Attorney or authority has been received and accepted by us. |
| 11 | **What are "long" and "short" positions?** | You go "long" when you buy a Margin FX Contract & CFD or place an order to open a Position in the expectation that the price of the Underlying Instrument will increase, which would have the effect that the Position's price will increase.<br><br>You go "short" when you sell a Margin FX Contract & CFD or<br><br>Place an order to open a Position in the expectation that the price of the Underlying Instrument will decline, which would have the effect that the Position price will decline.<br><br>If this occurs, because you have sold a Margin FX Contract or CFD (rather than bought a Margin FX Contract or CFD), you would make a profit if you closed the position at this point, subject to our fees and charges. |
| 12 | **How do I close-out a position?** | You close a Position in a Margin FX Contract Or CFD by you taking an equal and opposite Position with us<br><br>Either by single Position Closing or opposite Position Closing. |
| 13 | **How do we deal with your money?** | Money which you deposit with us will be regulated in accordance with the requirements of the<br><br>Corporations Act. See Part 15 of this PDS for more information. |
| 14 | **What is my "Total Equity"?** | Your "Total Equity" is the aggregate of:<br><br>• the current cash balance in your Account; and<br>• Your current unrealised profits and losses. |
| 15 | **What is my "Free Equity"?** | Your "Free Equity" is your Total Equity less your current Total Margin Requirement. The Free Equity is the amount that you may withdraw from your Account or use to cover additional Margin Requirements. |
| 16 | **What is Margin?** | Margin is initially the amount that you must have in your Account to enter into a Margin FX Contract or CFD with us. The level of Margin required to open and maintain these contracts is called the "Initial Margin Requirement". The sum of your Margin requirements for all of your open |

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| | | Positions Is called the “Total Margin Requirement”. Margin requirements will fluctuate with the value of The Underlying Instrument on which the contract is based. Further, where you deal in a contract that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate. |
| 17 | **What is a Margin Call by us?** | A Margin Call is a demand for additional funds to be deposited into your Account to meet your<br><br>Total Margin Requirement because of adverse price movements on your open Positions that have resulted in a margin call as defined by our margin call policy on our website. http://www.thinkmarkets.com/au/support/legal-and-regulation-au/margin-call-policy/ |
| 18 | **How are payments made in and out of My Account?** | You may deposit funds by credit card, electronic transfer, B-Pay®, Skrill, Neteller and other e-wallets. All funds must be cleared Funds in your Account before they are treated as satisfying a Margin Call or can be made available for you to use in dealing in Margin FX Contracts. |
| 19 | **Do I receive interest on moneys held in my Account or pay interest on moneys I Owe to you?** | TF Global does not pay interest on credit balances in currency ledgers on your Account and TF Global will not charge interest on negative account balances or on moneys owed to TF Global. |
| 20 | **Do I pay any Financing or Swap Charges?** | You may be required to pay a Financing or Swap Charge on long Positions that remain open overnight. However, you should note that on occasions when you have long Positions in Margin<br><br>FX Contracts or CFD’s you may in fact receive Swap Benefits.<br><br>Please review our latest swap rates on our website at http://www.thinkmarkets.com |
| 21 | **Do I receive any Financing or Swap Benefits?** | You may receive a Financing Benefit or Swap Benefit on short Positions that remain open overnight. However, you should note that on occasions when you have short Positions in Margin FX Contracts you may in fact pay Swap Charges. |

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| 22 | **What are the risks of Margin FX Contracts & CFD's?** | Margin Contracts are Derivative products that are speculative, highly leveraged, and carry significantly greater risk than non-geared investments such as shares. **You may incur losses to the extent of your total exposure to us and any additional fees and charges that apply. These losses may be far greater than the money that you have deposited into your Account or are required to deposit to satisfy Margin requirements.** You should obtain your own independent financial, legal, taxation and other professional advice as to whether Margin FX Contracts are an appropriate investment for you. |
| 23 | **What procedures are in place to deal with your complaints?** | We provide a complaints handling and dispute resolution process for our clients and we are a Member of the Financial Ombudsman Scheme (FOS), an external complaints resolution body. If you wish to make a complaint please see section 21. |
| 24 | **What are the taxation implications of Entering into Margin FX Contracts & CFD's?** | The taxation consequences of Margin FX & CFD transactions depend on your personal circumstances.<br><br>Some general taxation consequences are set out in Section 24. The taxation consequences can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in relation to the impact of foreign exchange transactions and products on your particular financial situation. |
| 25 | **What are our trading and office hours?** | **Trading Hours**<br><br>Trading hours for Margin Contracts will depend on the relevant Underlying Instrument Market's hours of operation, and are set out on our website.<br><br>**Office Hours**<br><br>Our office hours are Monday to Friday, 7.00am to 9.00pm AEST, subject to public holidays |
| 26 | **What if I need further information?** | You can contact us by:<br><br>▪ telephone: +61 3 9093 3400<br>▪ email: info@thinkmarkets.com<br>• internet: www.thinkmarkets.com |

## 2. Key information

TF Global Markets (Aust) Pty Ltd (***TF Global, ThinkMarkets, us, we, our***) is the issuer of the products described in this Product Disclosure Statement (PDS). Should you have any queries about this document, please do not hesitate to contact us. Our contact details are at the start of this PDS.

This PDS explains everything you need to know about the products we can offer you. It is designed to:

- provide you with the information you need to determine whether the products we offer are appropriate for you needs;
- explain the terms and conditions, rights and obligations associated with our products; and
- Help you to compare products.

**Warning: Trading in margin contracts (including CFDs) involves the potential for profit as well as the risk of loss of which may vastly exceed the amount of your initial investment and is not suitable for all investors. Movements in the price of the margin contract's underlying asset (e.g. foreign exchange rates or commodity prices) are influenced by a variety of unpredictable factors of global origin. Violent movements in the price of the underlying asset may occur in the market as a result of which you may be unable to settle adverse trades. We are unable to guarantee a maximum loss that you may suffer from your trading.**

### 2.1 ASIC Benchmarks

ASIC is the government regulator that issued our licence and that monitors financial markets in Australia. ASIC has developed a Regulatory Guide (RG 227) which includes seven disclosure benchmarks for OTC CFDs. These benchmarks operate as minimum standards that ASIC expects businesses like us to comply with. If a business departs from a benchmark, we must explain why. We have explained our compliance with those benchmarks throughout this PDS. Throughout this PDS, we will refer to ASIC benchmarks, like this:

**ASIC Benchmark…**

This table provides a high level summary of our compliance with the ASIC Benchmarks.

| ASIC BENCHMARK | REQUIREMENT | YES | NO | Reference |
|---|---|---|---|---|
| 1. Client Qualification | Maintain and apply a written client qualification policy that sets out the minimum qualification criteria that prospective investors will need to demonstrate they meet before opening an account; outlines the processes we have in place to ensure that prospective investors who do not meet the qualification criteria are not able to open an account and trade in CFDs and that requires us to keep written records of client assessments. | ✓ | | For more information about this benchmark please see page 8 |
| 2. Opening Collateral | An issuer should generally only accept cash or cash equivalents from investors as opening collateral when | | ✓ | For more information about this benchmark |

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| | establishing an account to trade in CFDs. If credit cards are used to open accounts, an issuer should accept no more than $1000 via credit card to fund the account. | | We accept credit card payments for more than $1,000 AUD as initial funding in order to provide flexible payment options to clients. This is discussed in more detail at "Step 2" of this PDS. | please see page 10 |
| 3. Counterparty risk – Hedging | An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions, which includes the factors it takes into account when determining if hedging counterparties are of sufficient financial standing; and sets out the names of those hedging counterparties (as they stand from time to time). Policies should be displayed in an up-to-date form on the issuer's website. | ✓ | | For more information about this benchmark please see page 24 |
| 4. Counterparty risk – Financial resources | An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer monitors its compliance with Australian Financial services licence financial requirements; and conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements. | ✓ | | For more information about this benchmark please see page 25 |

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| 5. Client money | An issuer should maintain and apply a clear policy on its use of client money, including whether it uses money deposited by one investor to meet the margin or settlement requirements of another | ✓ | | For more information about this benchmark please see page 28 |
| 6. Suspended or halted underlying assets | An issuer should not allow new CFD positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended, in accordance with the rules of the relevant market. | ✓ | | For more information about this benchmark please see page 26 |
| 7. Margin Calls | An issuer should maintain and apply a written policy about its margining practices which details:<br><br>(a) how the issuer will monitor client accounts, to ensure that it receives early notice of accounts likely to enter into margin call;<br><br>(b) what rights the issuer may exercise in relation to client accounts, including the right to make a margin call or close out positions; and<br><br>(c) when the issuer will exercise these rights, and what factors it will take into account in deciding whether to do so. | ✓ | | For more information about this benchmark please see page 19 |

Most of our examples are set out like this:

**Example**

They are all illustrative only, and are included to help you to understand our products.

### 3. What are we authorised to do?

We are authorised to give you financial product advice in relation to derivatives and foreign exchange contracts. We are also authorised to deal in relation to those same products. We will provide you with advice which is general in nature. Whenever we give general advice (e.g. through our website, or in this PDS), we don't take into account your financial situation, personal objectives or needs. Before using the products referred to in this PDS you should read it carefully, and then consider your objectives, financial situation and needs and take all reasonable steps to fully understand the possible outcomes of trades and strategies that can be employed using our trading platforms. We recommend you seek independent financial advice to ensure that a particular product is suited to your financial situation and requirements. We are also authorised to "make a market" for foreign exchange and derivatives contracts. This allows us to quote market prices to you, including buy and sell prices.

We offer margin trading services via our trading platform. There are two broad types of product that you can trade with us: Margin Foreign Exchange (FX); and Contracts for Difference (***CFDs***). Those two types of products are explained in more detail below.

### 4. Margin FX Contracts

Margin FX trading contracts are agreements between you and us which allow you to make a gain or loss, depending on the movement of underlying currencies. The Contract derives its value from underlying currencies (usually referred to as a ***Currency Pair)*** which is never delivered to you, and you do not have a legal right to, or ownership of it. Rather, your rights are attached to the contract itself. The money you will receive will depend on whether the currency pair you choose moves in your favour. If it does, then you will make a gain and your account will be credited. If it does not, then you will make a loss and your account will be debited. The contracts only require a deposit which is much smaller than the contract size (this is why the contract is "margined" or "leveraged").

This is how our Margin FX Trading service works:

**Step 1:** First, you must set up a trading account with us.

**ASIC Benchmark 1. RG227 – Client Qualification,**
**Address the Issuers policy on investors qualification for CFD and FX Trading**

Given the complexity Margin FX and CFDs, prospective clients applying for a Trading Account must complete the online TF Global Trading Account Registration Process that includes an application form; this requires information such as personal information and details in relation to you trading experience to-date and investment knowledge on derivative or other financial products. Trading in CFDs is not suitable for all investors because of the significant risks involved. Based on the information you provide, the firm will decide if you fulfil certain assessment criteria. If you do you will be notified accordingly and then, subject to other conditions described in the Client Agreement and Terms of Business (including but not limited to you providing a valid identification document, a proof of residence and funding your Trading Account), you may start trading CFDs. If you do not fulfil the assessment criteria, prior to proceeding with the opening of the Trading Account, you will receive an automated message to alert you to the fact that trading CFDs may not be suitable for you. TF Global Australia will advise you to:

•Read and understand the '**Thinking of trading contracts for difference**' guide published by ASIC in November 2010;

•Access **TF Global demo account** that is a useful learning tool for inexperienced prospective clients;

•Watch the **TF Global online videos** that discuss interesting topics regarding the financial markets and trading CFDs;

•Read, understand and accept the PDS, the Financial Services Guide and Client Terms And Conditions available **here**, the **Risk Disclosure** and the **Margin Call Policy**.

According to the Australian governing legislation you will be automatically categorized as a retail client unless the value of transactions in your Trading Account indicate that you may be categorized as a wholesale client. Please note that under certain circumstances and upon application to TF Global Australia you may be categorized, at the Firm's absolute discretion, as a wholesale client irrespective of the value of transactions in your Trading Account.

Please review this process at www.thinkmarkets.com

**Step 2:** You then need to deposit an Initial Margin of a base currency into your newly established TF Global account before you start trading. You will be required to deposit an Initial Margin which is a percentage of the notional contract amount (typically between 0.25% and 2%). Our account type's page found on our website at www.thinkmarkets.com will tell you what amount you need to deposit before you make the deposit.

**Example**

TF Global may request you to deposit AUD 1,000 so that you can purchase a margin FX contract with a notional value of AUD 100,000. In this example, AUD 1,000 is your ***Initial Margin***.

**ASIC Benchmark 2 RG227– Opening Collateral**
**Address the issuer's policy on the types of assets accepted from investors as opening collateral.**

TF Global only accepts deposits via wire transfer, BPAY, e-wallets from your account, into our accounts, or via credit card. We accept credit card payments for more than $1,000 AUD as initial funding in order to provide flexible payment options to clients. In addition with VISA and Master Card Debit cards it is not possible to distinguish between a debit card or credit card transactions. Therefore TFGM will not be adopting the Opening Collateral Benchmark as it would impede the ability for clients to use Debit Cards which is not counted as credit and would limit collateral options. . Opening collateral in this PDS is Initial Margin. You should exercise caution when using a credit card, as you will need to ensure that you have sufficient funds available to meet your repayment obligations.

Please note that using a credit card to fund your account may pose the risk of double leverage from the combined effect of utilizing a credit facility to fund a leveraged trading account.

**Step 3:** You are now ready to trade. When you log in to the TF Global online platform, you will see prices which reflect different currencies. Currencies are traded in pairs.

**Example**

An example of a currency pair is AUD/USD. AUD/USD 1.03391/1.03416 this means that one AUD dollar is exchanged for 1.03416 US dollars. The currency on the left of a pair is the base currency.

You can buy or sell a Margin FX Contract. If you buy or sell as your first transaction, you are opening your position. When you buy, you buy at the "offer" price, and when you sell, you sell at the "bid" price.

**Example**

If the AUD/USD currency pair is quoted at 1.0331/ 1.0333, then this is showing the bid/offer price. To buy AUD (offer), you would pay 1.0333 x contract size. To sell AUD (bid), you would receive 1.0331 x contract size. The difference between the two prices is 2 basis points which, in this example, is the "spread".

Each contract's size can be any amount equal to or greater than 1,000 of a particular trading currency.

Remember: what you are actually buying is a contract – not the asset or currency itself. In the event that our online trading platform is unable to process trades, you can trade with us over the phone where our dealer will provide you with the Spot rate of exchange.

**Step 4:** You then choose when to sell or buy in order to close your position. You close your position by taking an opposite position to what you did under Step 3 above, with the intention of making a profit when the currencies move in the intended direction.

**Step 5:** The profit or loss resulting from the trade will be credited or debited to your account.

TF Global has trading rules (including "forced liquidation" which is explained at **Section 4 titled Margin FX Contracts**, and an Initial Margin requirement which is explained above) to help you limit any losses. The trading rules also help reduce (but not avoid) the risk that you will lose more than your deposited funds (see the section titled "significant risks" at Section 10). TF Global usually offers settlement of trades on a T+2 basis. This is a global standard which refers to the trade date, plus two Business Days. What constitutes a Business Day depends on what currency you are trading. See "Business Day" in the glossary for more information. This means that your account will be credited or debited within 2 business days after you close your position.

**Example**

Bill thinks that the EUR will appreciate against the USD in the near future. He sees that the prices quoted on the EUR/USD currency pair by TF Global is 1.27726 (bid) / 1.27746 (offer). The "offer" is the buy price, so he buys a contract of EUR/USD, at 1 lot size, which is 100,000. He wants to sell it later at a higher price .Bill base currency is Australian dollars

| Opening the position | |
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| Buy 100,000 at offer price: | 1 x 100,000 x 1.27746= $127,746 USD (contract size) / 1.03360 (AUDUSD Spot Rate) = 123,593.27 AUD |
| The contract is leveraged on a 1:200 ratio. That means that we require an Initial Margin from Bill to be deposited into our account, which is 0.5% of the contract value. | 123,593.27 x 0.005 = $617.97 AUD (Initial Margin) |
| We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two "pips"), which amounts to $20 USD. It is built in to the price when Bill closes his position, because he will sell it back at the bid price. | (1.27746-1.27726) x 100,000 = $20 USD / 1.03360 = 19.35 AUD |
| Rollover Interest | |
| When a position is held open overnight, you are paid or debited interest depending on the currency pair. In this example, Bill technically is borrowing the Euro, which has a higher interest rate than the USD, so he must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, he must pay 1.68 pips per 1 lot per day. | 1 lot x -1.68 (EURUSD Short Swap Rate) = $1.68 USD / 1.03360(AUDUSD Spot Rate) = 1.63 AUD |
| Closing the position | |
| The next day the price of EUR/USD has increased by 10 points to 1.27846 (bid) / 1.27860 (offer). The trade has moved in Bill's favour and he decides to take his profit and close the position by selling at the bid price. | 1 x 1.27846 x 100,000 = $127,846 USD / 1.0336 = 123,690.01 AUD |
| His gross profit is the difference between the opening position and the closing position. | 123,690.01 - 123,593.27 = 96.74 AUD |
| His net profit is the gross profit less the costs. The spread was built in to the price, but includes 19.35 AUD in this example. | 96.74 – 1.63 = 95.11 AUD |

**Summary:** In the above example, Bill had to deposit $617.97 AUD to cover his Initial Margin requirement, and he has made a total gain of$95.11. In that example, if the price had decreased by 10 points instead of increasing, Bill would have made a loss of $95.12 AUD.

**Note:** More detailed explanations are set out under the heading "The Costs in Using our products" below

## 5. Forced liquidation

If the margin level in your account drops below a predetermined level set by us (e.g. 50% of an Initial Margin or 0.5% of the notional contract amount) or if we exercise our discretion, then we are entitled to close out your position at the prevailing market rate without notice to you. We could do this in order to minimise trading risk and deduct the resulting realised loss from your remaining funds held by TF Global. You will remain liable for any negative positions which cannot be covered by the closing out of your positions.

**Example**

Bill thinks that the EUR will depreciate against the USD in the near future. He sees that the prices quoted on the EUR/USD currency pair by TF Global is 1.27708 (bid) / 1.27728 (offer). The "bid" price is the sell price, so he sells a contract of EUR/USD, at 1 lot size, which is 100,000. He wants to buy it later at a lower price, in order to close his position. Bills base currency is Australian dollars.

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| Opening the position | |
| Sell 100,000 at bid price: | 1 x 100,000 x 1.27708 = $127,708 USD / 1.0336 (AUDUSD Spot Rate) = 123,556.5 AUD |
| The contract is leveraged on a 1:200 ratio. That means that we require an Initial Margin from Bill to be deposited into our account, which is 0.5% of the contract value. | 123,556.5 x 0.005 = $617.78 AUD (Initial Margin) |
| We earn a "spread", which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is 0.0002 (known as two "pips"), which amounts to $20 USD. It is built in to the price when Bill closes his position, because he will buy it back at the offer price. | (1.27728 – 1.27708) x 100,000 = $20 USD / 1.03360 = 19.35 AUD |
| Rollover Interest | |
| When a position is held open overnight, you are paid or debited interest depending on the currency pair. In this example, Bill technically is borrowing the USD, which has a lower interest rate than the Euro, so he must pay less interest on this position than in the previous example. These swap rates float daily based on overnight interest rates. In this case, he must pay 0.3 pips per 1 lot per day. | 1 lot x -0.3 (EURUSD Short Swap Rate) = $0.30 USD / 1.03360 = .29 AUD |
| Closing the position | |

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| The next day the price of EUR/USD has increased by 32 pips points to 1.28008 (bid) / 1.28028 (offer). The trade has moved against Bill and TF Global forces the closing of his position to protect him from further loss. | Margin requirement = $640.14 USD. Pip Value = .0001 x 100,000 = $10. After a 32 pip move, Account Equity = 318.54. Equity / Margin Requirement (308.18 / 640.14) = 48.14%. Account is liquidated when this ratio drops below 50%. |
| His net profit is the gross profit less the costs. The spread was built in to the price, but includes 19.35 AUD in this example. | 1.28028 – 1.27708 = 32 pips. 32 x .0001 x 100000 = $320 USD. 320 / 1.0336 = 309.60 AUD. 309.60 - .29 = -$309.31 AUD. |

**Summary:** In the above example, Bill deposited 617.78 AUD to cover his Initial Margin requirement, and he has made a total loss of 309.31 AUD.

In addition to forced liquidation, we may margin call your position while a trade is open. See the section below titled "Margin Calls" for more detail.

## 6. CFDs

A CFD is a leveraged financial instrument that changes in value by reference to fluctuations in the price of an underlying instrument such as the price of gold or silver, or the value of a share, Share index or a currency pair (***asset***).However, you do not own that underlying instrument or trade it on an exchange by owning a CFD. This means it is an over-the-counter (OTC) product. You cannot transact with another CFD provider to close any existing position issued through TF Global.

When trading CFDs, you and TF Global agree to exchange the difference in value of the CFD between when the CFD is opened and when it is closed. You will either be entitled to be paid an amount of money into your account (if the value of the underlying asset has moved in your favour) or will be required to pay an amount of money from your account (if the value of the asset has moved against you).Your account will also be affected by other amounts you must pay TF Global in respect of your Account such as Fees and interest on debit Balances.

You can keep a CFD trade open for as long as you are able to meet your Margin Requirements. CFD transactions are closed by you taking an offsetting, opposite position to what you did to open your position.

We may, upon your request and subject to a fee, agree to implement a stop loss order or limit order in respect of a CFD trade. Compliance with any such order is subject to prevailing market conditions.

We offer a number of different types of CFDs:

### 1. Bullion (gold or silver)

Bullion trading operates in the same manner as foreign exchange trading, except the underlying asset is either Loco London Gold (LLG) or Loco London Silver (LLS), both of which have prices quoted in US currency.

When trading a Bullion CFD, you can trade on the quoted spot rate for Gold (LLG) and Silver (LLS) contracts. The examples below show a winning Gold CFD trade, and a losing Gold CFD trade. Although there are no examples showing Silver CFD trades, the mechanics are the same, except the quoted prices relate to the prices of silver, not gold.

In the same way as described in section 4, above, we do not deliver the physical underlying assets (i.e. gold or silver) to you, and you have no legal right to it. Rather, settlement is made by cash based on the difference between the buy and sell rates of the Contracts. Gold and Silver rates are quoted in USD.

This means that even if your Initial Margin is in AUD, we will convert it to USD so that you can make the trade.

**Example**

Sarah believes that the price of gold is undervalued and she decides to enter into a CFD in respect of gold in the expectation that the gold price will rise. Our online platform is showing the price of gold (XAU/USD) as being USD 1,711.75 (bid) / 1,712.25 (offer). Our minimum lot size is 100 ounces. Sarah buys 1 lot.

| | |
|---|---|
| <u>Opening the position</u> | |
| Sarah "buys" a CFD in respect of 100 ounces of gold at the offer price: | 1 x 1,712.25 x 100 = $171,225 USD / 1.0336 = 165,658.90 AUD |
| The contract is leveraged on a 1:200 ratio. That means that we require an Initial Margin from Kerry to be deposited into our account, which is .5% of the contract value. | 165,658.90 x 0.005 = 828.29 AUD |
| We earn a “spread”, which is the difference between the bid and offer prices that we source from other clients or from our wholesale providers, and the bid and offer prices we quote to you. In this example, the difference is $0.50, which amounts to $50 USD. It is built in to the price when Sarah closes her position, because she will sell it back at the bid price. | (1,712.25 – 1,711.75) x 100 = $50 USD / 1.03360 = 48.37 AUD |
| <u>Rollover Interest</u> | |
| When a position is held open overnight, you are paid or debited interest depending on the product. In this example, Sarah technically is borrowing Gold in terms of the USD, so she must pay interest on this position. These swap rates float daily based on overnight interest rates. In this case, she must pay 1.91 pips per 1 lot per day. | 1 lot x -1.91 (EURUSD Short Swap Rate) = $1.91 USD / 1.03360 = 1.85 AUD |
| <u>Closing the position</u> | |
| The next day the price of Gold has increased by $10 USD to 1,721.75 (bid)/ 1,722.25 (offer). The trade has moved in Sarah’s favour and she decides to close her position. | 1 x 1,721.75 x 100 = $172,175 / 1.0336 = 166,578 AUD |

| | |
|---|---|
| Her total gross gain is the buy price less the sell price. | 166,578 - 165,658.90 = 919.10 AUD |
| Her total net gain is the gross gain less the costs. The spread was built in to the price, but includes 2 x $50 USD in this example, which totals $100 USD. | 919.10 – 1.85 = 917.25 AUD |

**Summary:** In the above example, Sarah deposited 828.29 AUD as her Initial Margin on this trade and made a profit of 917.25 AUD. If the price had not increased by USD 10 dollars but had instead dropped by 10 dollars she would have sustained a loss of 1017.72 AUD.

### 2. Index CFD Trading or Indices

Index CFD's represent a basket or portfolio of shares. Providing to you speculation on the performance of each overall stock market. You can spread your risk across the whole Market rather than a single share. Allowing for diversified exposure to the market rather than the factors that affect individual shares

Chris thinks the US30 is going to go up in a value. The US30 is displayed as 10,300 (bid) / 10,302 (offer) on the trading platform. Chris decides to go long and buy 5 CFDs of the US30 at 10,302. Chris hopes to close his position later at a higher rate than 10,302 for a net gain on his trade.

### 3. Cash Index Financing Adjustments

All finance adjustments for open positions in cash indices are carried out at or after 00:00 Server time (7am AEST). Finance adjustments are not made on open positions on CFD futures markets.

As you hold a position overnight (i.e. 7am AEST), a finance adjustment is made to your account.

This is calculated as follows:

**f = (s * p * r) / d**

**where**
**f =** daily financing charge
**s =** trade size (lots)

**p =** overnight close price
**r =** relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions

**d =** number of days, i.e. 360

**Example 1:**
Sell 10 CFDs on AUS200cash at a price of 5577.0; AUD Australian 3-month Bank Bill Rate is 3.50%

f = (s * p * r) / d

s = trade size (lots), e.g. 10

p = overnight close price, e.g. 5577

r = relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions, e.g. (3.50% - 3.00%) = 0.50%

d = number of days, i.e. 360

So, the overnight financing charge on this position would be:

f = (10 * 5577 * 0.50%) / (360 * 1)

f = AUD 0.77 credit

Note: short positions are credited when Australian 3-month Bank Bill Rate is greater than basis points to be deducted from Australian Bank Bill Rate, otherwise they are debited

**Example2:**
Buy 10 CFDs on SPX500cash at a price of 1964.75; USD LIBOR rate is 0.09110%

f = (s * p * r) / d

s = trade size (lots), e.g. 10

p = overnight close price, e.g. 1964.75

r = relevant overnight interest rate PLUS 300 basis points for long positions, MINUS 300 basis points for short positions, e.g. (0.0911% + 3.00%) = 3.09110%

d = number of days, i.e. 360

So, the overnight financing charge on this position would be:

f = (10 * 1964.75 * 3.09110%) / (360 * 1)

f = $1.69 debit

Note: long positions are debited the rate plus LIBOR

The financing charge for CFD trades is levied for each day that the trade remains open (including weekends and public holidays). The financing charge is applied to all open positions at 00:00 on each day server time (7am AEST).

Financing is applied on weekends (3 days on Friday for Friday, Saturday and Sunday)

Positions held at 7am AEST on a Saturday will be subject to a three day roll-over as the positions are being rolled from a Friday value date to Monday value date (three days).

### 4. Index Dividends

When an individual stock which is a constituent of a cash stock index goes ex-dividend, this will have a weighted effect on that cash index, known as the “index dividend” or “index impact”. TF Global will make adjustments to those accounts with a position in an affected index, if that position is open at 7am AEST on the day of the ex-dividend date of the constituent shares.

TF Global will credit long positions and debit short positions (by means of a cash adjustment) as follows:

Index dividend x position size

The weighted effect of an individual stock's dividend is calculated as follows:

Index Dividend = Share Dividend x (Shares in index / Index Divisor)

The "Index Divisor" varies from index to index, It is a value which is adjusted by the underlying exchange to offset the effect of changes resulting from, but not limited to, stock splits, bonus issues and constituent substitutions. This allows the index value to remain comparable over time. TF Global uses various data providers in determining its calculation of the index dividend.

The DAX 30 index is not subject to adjustments; it is a total returns index and as such all ex-dividends are automatically reflected in the price.

Futures indices are not affected as anticipated future dividends are already priced in to the market.

Fair Value: TF Global bases the quote of its cash indices on a corresponding futures market. As a result we include a "fair value" adjustment in the quote to reflect a derived cash price of the index as opposed to the futures price. Fair value is a constantly changing variable and will vary during trading hours according to TF Global's estimate of current fair value. TF Global will adjust its internal fair value calculations at 7am AEST on the day constituent shares going ex-dividend, to reflect an index dividend.

**5. Shares**

Trading individual shares on margin using a CFD allows you to take a position in a share without putting up the full contract value. You can replicate the economic effect of buying /selling a single share.

Unlike normal share dealing however, instead of paying the full value of the transaction you make a payment by way of margin which will be a percentage of the underlying contract value

John believes that the Apple Stock is overvalued and that the price will go down in the near future. John wants to go short so he plans to sell 10 CFDs of Apple. Apple is currently displayed at 510 (Bid), 512 (Offer) on the trading platform. John sells 5 CFDs at the bid price of 510. John hopes to buy his positions back at a lower rate in order to close them and make a profit on the trade.

**6. Forced Liquidation requirements**

Refer to "Example of forced Liquidation" in the "Margin (FX) contracts" section of this PDS.

In addition to forced liquidation, we may margin call your position while a trade is open. See the section below titled "Margin Calls" for more detail.

**7. Margin calls**

**ASIC Benchmark 7 RG 227 – Margin Calls**

This section sets out our policy on margin calls. In both FX and CFDs, the margin call level is set to 100%. The forced liquidation level is 50%. When a client's equity is equal to or below their margin requirement, the client is put on margin call. Forced liquidation occurs when the client's equity falls to 50% of their margin requirement. At this time, all open positions will be closed. Sample Margin Call calculations are noted below and the policy is also posted on our website at http://www.thinkmarkets.com.

**What is Margin?**

Margin the amount of cash that TF Global requires a customer to deposit or maintain in the Customer's account in relation with the Customer's trading activity. Our system performs an automatic pre-deal check for margin availability; trades will only be executed if your account has sufficient margin funds in the account.

If a Margin call is due you must add up all the margin requirements for all open positions on your account. If your account and the overall profit or loss value of your open positions, or surplus is less than the margin requirement on your account, you will be required to fund the shortfall-a margin call.

**In order to satisfy a margin call**

- **Close out existing positions to reduce your margin requirement;**
- **Deposit additional funds into your account;**
- **Risk your position being liquidated;**

**Margin FX Example:**

- Joseph's account has a balance of $2000 AUD and he is on 100:1 leverage.
- Joseph opens up a 100,000 Long AUD/USD position at a rate of 1.0400.
- This has a margin requirement of $1,000 AUD.
- The market falls to a bid price of 1.0296 and Joseph is now floating down -$1,000 AUD.
- Joseph's Equity is now $1000, which is equal to his margin requirement; this has triggered a margin call.
- The market continues to fall and the bid price of the AUD/USD has now hit 1.0244.
- Joseph's Equity is now $500 and has fallen to 50% of his margin requirement ($1000).
- This triggers our system's automatic liquidation and Joseph's position will be automatically closed to prevent further losses.

**Metals Example:**

- Tom's account has a balance of $5000 AUD and he is on 100:1 leverage.
- Tom decides to buy 2 CFDs of Gold (100 troy oz.) at a price of 1500.00.
- This has a margin requirement of (2 * 1500) = $3000 USD. $3000 USD / 1.0360 = $ 2,896 AUD
- Gold's bid price falls to 1478.20 and Tom is now floating down -$2,104.25 AUD.
- Tom's Equity is now $2,896.75 AUD, which is equal to his margin requirement; this has triggered a margin call.
- Gold continues to go down in price and now gold's bid price is 1463.20.
- Tom's Equity is now $1,447.88 AUD, which is equal to 50% of his margin requirement.
- This triggers our system's automatic liquidation and Joseph's position will be automatically closed to prevent further losses.

**Oil Example**

- Jordan's account has a balance of $3000 AUD and he is on 200:1 leverage.
- Jordan decides to sell 2 CFD contracts of WTI Crude Oil at 84.00. Where each CFD is 1,000 barrels of oil.
- On 200:1 leverage, Joseph has a margin requirement of $1000 USD. $1000 USD / 1.0360 = $965.25 AUD
- WTI's offer price rises to 86.11 and Jordan is now floating down -$2034.75 AUD.

- Jordan's Equity is now $965.25 AUD, which is equal to his margin requirement; this has triggered a margin call.
- The price of WTI continues to rise and now WTI's offer price is 86.61.
- Jordan's Equity is now $482.63 AUD, which is equal to 50% of his margin requirement.
- This triggers our system's automatic liquidation and Joseph's position will be automatically closed to prevent further losses.

**As noted on the first page of this PDS, trading in Margin FX and CFDs involves the risk of losing substantially more than your initial investment.**

## 8. Managing Risks by using Stops and Limits

We offer features on our trading platforms that help you control trading losses:

### 1. Buy Limits

A buy limit order allows clients to specify the price that they are willing to pay for a contract Limit orders also allow clients to limit the length of time an order can be outstanding before being cancelled.

Rudy believes that gold is going to appreciate on the long term, but that it is currently overpriced. He wants to buy it in the future at a specific support level without having to watch the market and wait. He places a buy limit order for gold at $1600. Since the offer price of gold has not reached this level since Rudy placed the order, it is still active.

### 2. Sell Limits

A sell limit order allows clients to specify the price that they are willing to offer/sell a contract

Sean feels that the Euro is going to depreciate against the dollar, but does not want to sell at the market price due to a sharp move down recently. He wishes to sell it automatically if it appreciates slightly and is able to test the technical resistance level of 1.2800. He places a sell limit for 1 lot of EURUSD at 1.2800, and his order is filled after the bid price touches that level.

### 3. Buy Stops

An order to buy stops a contract which is entered at a price above the current offering price. The order is triggered when the market price touches or goes through the buy stop price.

Scott thinks that once the price of the USDJPY increases and rises above 84.15, it will gain momentum to the upside and continue to climb. He does not want to buy it unless it can first get to this price level and trigger a new uptrend. In line with this thinking, he places a buy stop in the USDJPY at 84.15, which will fill automatically once the offer price reaches this level.

### 4. Sell Stops

An order to sell stops a contract which is entered at a price below the current bid price. The order is triggered when the market price touches or goes through the sell stop price.

Garrett believes that the GBP is going to rapidly depreciate against the USD, but not until it is able to break chart support at 1.5700. He does not want to potentially miss his chance to sell going through this price level, so he sets a sell stop at 1.5700 that will trigger and fill automatically once the bid price of the GBPUSD touches the price.

## 9. Conversion of currency

Your trading account with TF Global is normally denominated in a "base currency" which can be AUD, GBP, EUR, CHF, JPY, NZD, CAD, USD or SGD.  However, sometimes for you to trade, you may need to convert existing funds into USD or another base currency. For example, you can only buy or sell a Gold or Silver CFD with us using USD. If you deposit AUD into your account, you will be required to convert it to USD before trading one of those CFD products. Sometimes, we may notionally convert your trading currency into the relevant base currency.  When we do this we charge a spread on the conversion (see section 12 below).

You can use your own bank to convert your currency into USD, if you wish.

Alternatively, we can convert your funds by first quoting you a spot price pursuant to our usual Terms and Conditions which form part of this PDS and are attached below under the heading "Terms of Business".  You can also obtain a free copy of the Terms of Business by contacting us using the details at the start of this PDS.  If you choose to accept TF Global quoted prices, then the transaction will usually take place immediately, upon receipt of your cleared funds. The new currency will be delivered to your TF Global account.

TF Global will also convert the realized trading profit or loss in your account into USD or another Base Currency at the closing price of the relevant currency immediately proceeds to the trade day.

## 10. Trading Facilities

We are able to provide foreign exchange and CFD trading facilities through our online trading platforms. Dealers in our trading room will also accept orders in the event of the online trading platform being unable to take orders. Our online trading platform is an internet based tool for you to trade.

"When you use our trading platform, you may "plug in" other third party applications.  The use of those applications can carry significant risk (see section 11 of this PDS titled "Significant Risks").  We do not take responsibility and will not indemnify you from any loss incurred in connection with third party plugins that you choose to use, regardless of whether or not we know about them or approve them. Some third party plugins are approved by us, and you may incur extra fees for using them.  They are explained in our FSG - see section 12 of this PDS titled "The costs in using our products", which refers you to our FSG..

TF Global provides access to margin FX trading via an online trading platform created by ThinkMarkets called ThinkTrader.

TF Global provides access to margin FX trading via an online trading platform created by MetaQuotes called MetaTrader 4 or MT4. MT4 is a third party software provided by MetaQuotes. TF Global holds a license from MetaQuotes.

## 11. Significant benefits

The significant benefits of using our services are:

- **Hedging**
  You can place a leveraged foreign exchange trade to protect your exposure to the price movements in an underlying currency or bullion price.

  > **Example:** If you are based in Australia but have an obligation to pay USD at some time in the future, and you are concerned that the Australian dollar will weaken, you could sell an AUD/USD position so that you will possibly make a gain to offset your other losses, in the event that the AUD weakens.

- **Speculation**
  In addition to using our trading facilities as a hedging tool, you can benefit by using the quoted underlying currency or bullion prices offered by us to speculate on changing price movements. Speculators seek to make a profit by attempting to predict market moves and buying a contract that derives its value from the movement of an underlying asset for which they have no practical use. The examples of foreign exchange dealing and CFDs above illustrate trades where a client is entering into a speculative trade, based upon a belief that the market will move in a particular direction.

- **Access to the foreign exchange markets at any time**
  When using our online trading platforms you gain access to and trade on, systems which are updated 24 hours a day 5 days a week between 22GMT Tokyo Market open and 22GMT New York Market close. If for some reason our systems are unavailable, you can contact us by telephone using the details at the top of this PDS, and make telephone orders.

- **Real time streaming quotes**
  Our online trading platforms provide real time quotes. You may check your accounts and positions in real time and you may enter into currency and bullion trades based on real-time information.

- **Full control over your account and positions**
  When using our trading facilities we allow you to place stop loss limits on your trades. This means that if the market moves against you we will close out your position in accordance with your stop loss order. However, please refer to risk numbers below, which highlights the risk to you that in a volatile market we may not be able to close out your position until after the stop loss limit is exceeded. If this occurs you may lose more than you deposited.

## 12. Significant risks

There are a number of risks in trading Margin FX and CFDs. These risks may lead to unfavourable financial outcomes for you. Monitoring of any risks associated with our trading facilities is your responsibility. You should seek independent legal, financial and taxation advice prior to commencing trading activities and should not use our services unless you fully understand the products, and the benefits and risks associated with them. Some of the risks associated with using our foreign exchange and bullion trading facilities include:

- **Unforeseen Circumstances**
  If we are unable to perform our obligations to you due to reasons beyond our control then we may suspend our obligations to you. For example, during periods of significant market disturbance it may be impractical or impossible to trade in relevant financial markets. We will inform you if any of these events occur.

- **Market volatility:**
  Foreign exchange, commodity and share markets are subject to many influences which may result in rapid fluctuations. Because of this market volatility, there is no foreign exchange or CFD transaction or stop loss which is available via our online platform that can be considered “risk free”.

  Given the potential levels of volatility in the markets, it is recommended that you closely monitor your transactions at all times. You can manage some of the downside risk by the use of stop loss orders. If you use a stop loss order we will enter into a position opposite to your existing position if the contract, exchange or asset rate reaches a level specified by you in advance. However, in a volatile market, there may be a substantial time lag between order placement and execution. This can mean that the entry or exit price may be significantly lower or higher than the price at which the sell (or buy) order (including a stop loss order) was placed. This is known as “gapping”, and TF Global does not guarantee that the stop loss order will be successful in limiting your downside risk, which may be greater than you initially anticipated.

- **Leverage risk**
  Trading Margin FX and CFDs involves a high degree of leverage. You can outlay a relatively small initial margin which secures a significantly larger exposure to an underlying currency or bullion. The use of products like this magnifies the size of your trade, so your potential gain and your potential loss is equally magnified. You should closely monitor all of your open positions. If the market moves against you and your initial margin deposit is diminished, we may automatically close out your position by entering into an equal and opposite position once pre-set limits are triggered (refer to the example of forced liquidation). Any remaining balance will be returned to you.

- **Counterparty risk**
  Counterparty (or credit) risk is the risk that derives from a counterparty's inability to perform all or any of the obligations under a contractual agreement.

  We have adopted a policy to manage our counterparty risk that derives from client trades. We may immediately enter into a trade (bearing the same economic details as the Client Trade) with our prime brokerage(s) once a Client trade is completed for hedging purposes, such trade will be entered into on a principal to principal basis. We may, in some instances instead act as a counterparty to client trades and leave those trades unhedged. This means you will be subject to our counterparty risk from those client trades.

  The products in this PDS are not protected by a licensed exchange, also known as a central counterparty. Instead, the products are called over-the-counter derivatives. This means that you contract directly with us, and you are subject to our credit risk. If our, or our prime brokerage(s) business becomes insolvent we may be unable to meet our obligations to you, in which case you will become an unsecured creditor. You can assess our financial ability to meet these counterparty obligations to you by reviewing financial information about our company. You can obtain a free summary of our annual financial statements by contacting us by using the details at the start of this PDS.

**ASIC Benchmark 3 RG 227– Counterparty Risk (Hedging)**

We have adopted a policy in order to manage the risk that derives from client positions. To hedge risk TF Global Markets (Aust) Pty Ltd may enter into back-to-back hedges with its Prime Brokerage(s). To make these hedges TF Global Markets (Aust) Pty Ltd holds margin with prime brokerages. This creates an element of risk to investors as TF Global Markets (Aust) Pty Ltd is exposed to this counterparty. TF Global Markets (Aust) Pty Ltd's Prime Brokerages may change from time to time to ensure that customers receive the best Bid and Ask price available. Not all client trades are hedged and it is up to the discretion of TF Global Markets (Aust) Pty Ltd to hedge or take positional risk on your trades. It is possible that, if neither TF Global Markets (Aust) Pty Ltd or its wholesale liquidity providers accept your trade, it will be rejected. A full list of our hedging counterparties is available on our website by following the links to Regulation > Benchmarks under the heading "Benchmark 3: Counterparty risk (hedging)."

**ASIC Benchmark 4 RG 227 – Counterparty Risk Financial Resources.**

We have a written policy to maintain adequate financial resources, which set out how we monitor compliance with our financial requirements, as well as how we conduct stress testing to ensure we hold sufficient liquid funds to withstand significant adverse market movements.

**AFSL Compliance**

Monthly financial reports are prepared to ensure compliance with ThinkMarkets Australia's AFSL Conditions and the financial requirements which are contained in ASIC Regulatory Guide 166.

An annual financial audit is also conducted by an ASIC approved auditor.

**Stress testing of capital adequacy**

The capital requirements and surplus position of ThinkMarkets Australia is monitored on a daily basis. ThinkMarkets risk is monitored by risk management staff, 24 hours a day, 5 days a week at all times whilst the foreign exchange markets are operating

Daily stress testing is conducted and alerts have been established at pre-defined levels to ensure that appropriate remedial action is taken in the event of market movements that are adverse to ThinkMarkets Australia's Financial Condition. In practice the firms Responsible Manager is monitoring ThinkMarkets Australia cash position to ensure that the amount of cash (or cash equivalent) is sufficient to cover the firm's expenses and other commitments. The firm also maintains a twelve month cash flow and budget that takes into account regulatory capital and operating expenses. The firm also creates a daily net capital report for each trading day at the close of 22GMT to make sure there is sufficient capital under regulatory requirements and also for proper operations.

- **Systems Risks**
  We rely on technology to provide our trading facilities to you. A disruption to the facility may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted as a result of a technology failure. An example of disruption includes the "crash" of the computer systems used to operate the online facility. We manage this risk by having state-of-the-art IT systems and backup measures.

- **Fees and charges**
  It is possible that you enter into a trade with us and the underlying currency or commodity, share or index moves in your intended direction, but you still end up with less than you started after closing your position. This can happen because of the combined effect of the spread between bid and offer prices, and the negative rollover interest which could apply on consecutive days that a contract is held open.

- **Use and Access to our Website**
  You are responsible for providing and maintaining the means by which you access our website. These may include, without limitation, a personal computer, modem and telephone or other access system available to you.

  While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing our website. If you are unable to access the internet and thus, our online facility, it may mean you are unable to enter into asset transactions when desired and you may suffer a loss as a result.

- **Suspension or trading halt of the underlying currency, commodity, or indices**
  Our products relate only to major currencies and gold and silver commodities, so the likelihood of these currencies and commodities being suspended or halted are remote.

  **ASIC Benchmark 6 RG 227– Suspended or halted underlying assets**

  In the event of an underlying currency, commodity, share or index being suspended, we have discretion to re-price open positions, close out positions, or change the margin requirements on a position without notice.

- **Using third party plugins**
  Third party plugins can be risky. They are often called "expert advisers" or "mirror trading plugins". They may enable your account to mirror trades made by third party asset managers or signal providers. They may claim to exploit price latency across platforms or markets. They may promise exceptional returns. Our platforms let you plug in third party applications to help you trade. Some charge you fees, and others do not. Some are approved by us, and others are not.

  Regardless of our approval, we are not responsible for, and will not indemnify you from, reliance on any statements made by their makers or promoters, or any loss incurred in connection with third party plugins that you use.

- You can lose control of your trades and suffer financial loss.
- The software may stop working and you are stuck with open positions and you suffer financial loss.
- You can lose more money than your initial deposit.
- They may result in you being margin called (see section 6 of this PDS titled "Margin calls") and your positions may be liquidated
- Some are offered by fraudulent or illegal / underground entities in remote parts of the world.

If promoters of these plugins make promises that are too good to be true, then you should avoid them. **You should never provide your account user name or password to a third party – to do so would be a breach of your contract with us. You are wholly responsible for managing the risks (including the risk of loss) associated with using third party plugins.**"

## 13. The costs in using our products

Please refer to our current FSG for a description of how TF Global, its employees and related parties are paid, and for information about the spread, conversion costs, administrative charges, rollover interest and commission that may be payable in relation to the products described in this PDS. You can find this information (with worked examples) in the current FSG which is available on our website. You can download or obtain a free hard copy of the FSG by contacting us using the details at the start of this PDS.

## 14. How do the online trading platforms work?

See the heading "Margin FX Contracts" above for a detailed explanation and example of how our trading platform works. To make a trade using our online trading platforms:

- You must first register with us by filling out the registration form either provided to you at the same time as this PDS, or located at www.thinkmarkets.com. A pre-condition to successful registration is an acknowledgement by you that you have read this Product Disclosure Statement, the Financial Services Guide and that you have read and agreed to be bound by the TF Global Terms and Business. Another pre-condition is that you meet our client qualification criteria, which is explained in section 4 of this PDS in more detail. There may also be other terms and conditions that you will need to agree to, if you are outside of Australia.

- Once you are registered, you will be able to login online to your user account using your username and password.

- Once logged in, a number of windows will pop up in the platform. In order to place a trade, you first select a foreign exchange currency pair, commodity, share or index price from the trade window. For example, you can choose the currency pair of AUD/USD. Once you have selected a currency pair, you need to select the amount you wish to invest by buying/selling the intended number of contracts.

- Once you have chosen your currency pair, commodity, share or index, you determine whether to buy or sell the currency pair, commodity, share or index.

- Once the trade has been executed, the particulars of that trade will be communicated to you either by post or electronically via the trading platform or by email. You can transfer money into or out of your account, subject to our Terms of Business.

## 15. How much money do you need to trade?

Before you can trade, you need to deposit with us an Initial Margin. These are funds required by TF Global to cover risk and as security for the client's obligations. Opening a position in a margin FX &

CFD contract, your total margin requirement will move in line with price change of that contract. This is because your total margin requirement is based on the contract value of your position.

- This is typically 0.5% of the contract amount in the case of Margin FX. However, we will tell you what Initial Margin is required before you trade. TF Global reserves the right to vary the Initial Margin at its own discretion. for example, TF Global may vary the margin percentage in periods of market volatility or to comply with TF Global internal risk- management policies.

  **Example:** You need to deposit AUD 500 for a contract with a notional value of AUD 100,000).

- This is typically between .5% - 5% of the contract amount in the case of CFDs. However, we will tell you what Initial Margin is required before you trade. TF Global reserves the right to vary the Initial Margin at its own discretion.

  **Example:** margin Requirement = (contract Quantity x Bid or Offer price x Margin Percentage)

## 16. How do we handle your money?

The funds in your account will be held in a trust account until you place a trade, or withdraw your funds. Funds deposited by our clients are segregated from our money and held in a pooled trust account in accordance with Australian law.

> **ASIC Benchmark 5 RG 227– Client Money**
> This section explains our client money policy, including how we deal with your money and when we make withdrawals from your account. It also mentions the counterparty risk associated with the use of your money

By using our services, you relinquish the right to any interest on funds deposited in our designated trust account. Individual client accounts are not separated from each other but are pooled together. The money is held on trust for you until you withdraw the money, use the money to place a trade, or otherwise provide us with a legal right to that money because of outstanding fees owed to us or in such other circumstances as referred to in the Terms of Business, which are set out at the bottom of this PDS.

> **Example**
>
> If you close a position and incur a loss, your account balance will be debited within 1 hour of closing that position or sooner.

> **Example**
>
> If you hold a position overnight (i.e. holding a position from 5pm New York Time onwards), and you are charged rollover interest, then that money is deducted from your account balance within 1 hour of 5pm New York Time.

There is also a counterparty risk that you may lose some or all of your money if there is a deficiency in the designated segregated account. See the section above titled “Significant Risks” for more information concerning counterparty risk. TF Global does not use client money to hedge derivatives transactions and only uses its own funds.

## 17. Terms and Business

Our Terms of Business, must be understood and agreed to before a contract is entered into. If you are outside Australia, there may be other terms and conditions you will be required to sign or acknowledge.

When you use our services you will be bound to our Terms of Business as amended from time to time, along with any other terms you are required to sign or acknowledge (for example, if you are outside of Australia). However, in the event of inconsistency, the terms in the legal documents described below will rank according to the following priority, to the extent of any inconsistency:

- This PDS
- Terms of Business
- Account Opening Form

The information in this PDS is subject to change from time to time and is up to date as at the date stated at the start of this PDS.

Information in this PDS that is not materially adverse to users of our products is subject to change and may be updated via our company website (see contact details on page 1). You can access that information by visiting the website, or telephoning us and asking for an electronic or paper copy. You can also access the website which may contain, from time to time, other information about our products.

There is no cooling off period for any product offered by TF Global.

You must provide all information to us which we reasonably require of you to comply with any law in Australia or any other country. In particular, you must provide adequate identification before you can use our products or services. We may delay, block or refuse to enter, adjust or complete a transaction if we believe on reasonable grounds that making the payment may breach any law in Australia or any other country, and we will incur no liability if it does so. We may disclose any information that you provide to a relevant authority where required by any law in Australia or any other country.

Unless you have disclosed to us that you are acting in trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf when obtaining services from us.

When you use our services, you are promising that you will not breach any law in Australia or any other country.

We reserve the right to suspend the operation of our website and online facility or any part or sections of them. In such an event, we may, at our sole discretion (with or without notice), close out your open positions at prices we consider fair and reasonable.

We may impose volume limits on client accounts, at our sole discretion.

## 18. Providing instructions by telephone

We only offer telephone services if our online platform is unavailable for some reason. When providing instructions by telephone, you will need to provide us with adequate identification information.

## 19. Tax implications

Margin FX and CFD transactions can create tax implications. Generally, if you make a gain attributable to an exchange rate or price fluctuation then that part of the gain is included in your assessable income. Conversely, if you make a loss attributable to an exchange rate or price fluctuation then that part of the loss is deducted from your assessable income. However, the taxation laws are complex and vary depending on your personal circumstance and the purpose of your currency trading. According, you should discuss any taxation questions you may have with your tax adviser before using our products or services.

## 20. What are our different roles?

TF Global is the product issuer. This means that we issue the products described in this document, and do not act on behalf of anyone else.

TF Global is also the service provider. Our website (and at times, our representatives) can give you general advice and help you use the trading services.

## 21. What should you do if you have a complaint?

ThinkMarkets aims to provide superior customer service, in the event you are dissatisfied with any aspect of our service; please give us the opportunity to investigate and answer your questions.

If you wish to lodge a complaint:

1. First compile all documents that relate to your complaint and any questions that you wish to have answered.
2. Inform the ThinkMarkets Client Services Team and/or your Account Manager with details of your complaint. You can call us on +61 3 9093 3400; or alternatively email us at support@thinkmarkets.com. We will review the situation and will resolve it at this initial level if we can.
3. If the matter is still not resolved to your satisfaction, please ask the staff member that has been dealing with your case to escalate your complaint to their Line Manager to investigate. The staff member should consequentially provide you with their Line Manager's contact details.
4. If your dispute is still not resolved you may refer your case to the Complaints Officer, who will conduct an independent review and contact you directly. Please set out your complaint clearly in writing,

**Mail:**

ThinkMarkets - Complaints Officer
Level 12
636 St. Kilda Road.
Melbourne, VIC, Australia 3004

**Email:**

support@thinkmarkets.com (Please mark your email Attn.: Complaints Officer) At this stage we will resolve your complaint within a period of forty-five (45) calendar days from the day of the initial complaint. The Complaints Officer will provide a full written response to you.

If you are not satisfied with the outcome of your complaint you have the right to refer the matter to the Financial Ombudsman Service (FOS) within two (2) years from the date of ThinkMarkets's final response. You should note that FOS will not consider a complaint until we have had the opportunity to address the complaint. Contact details for FOS are outlined below:

**Mail:**

The Financial Ombudsman Services
GPO BOX 3
Melbourne VIC 3001
Australia

## 22. Glossary

- **AUD** refers to the Australian dollar
- **Acceptance** is defined in clause 6.2.4 of the Terms of Business
- **Asset** means gold or silver, securities, index or a currency pair.
- **Base currency** refers to the currency in which your trading account is denominated, and also refers to the currency on the left of a quoted trading pair. Any profit or loss on a trade is converted into the base currency. See Step 3 of Section 4 of this PDS for an example.
- **Business Day refers to** a day on which commercial banks are open for business (including dealings in foreign exchange) in the two host countries of the relevant currency pair, or in the case of CFDs, the relevant exchange times to where the CFD is being traded.
- **Contract for difference (CFD) is an agreement to pay or receive the change in value of a share, a share index, a commodity or a foreign currency depending on whether the price rises or falls.**
- **EUR** refers to the euro – the official currency of the European Union.
- **Forced liquidation** is described in Section 4 of this PDS.
- **FSG** refers to the Financial Services Guide issued by us.
- **FX** means Foreign Exchange
- **Initial margin** is the initial deposit required by you before you can trade with us. See Step 2 in Section 4 of this PDS
- **Leverage**- the ability to pay only a small amount of the value of a currency as an initial payment to open a trade. Also known as "gearing"
- **Loco London Gold and Silver** refers to the place at which gold is physically held and to which a particular price applies. Loco London gold means not only that the gold is held in London but also that the price quoted is for delivery there.
- **Margin level** refers to the equity or balance of funds in your account.
- **PDS** means Product Disclosure Statement
- **PIP the smallest possible move in a currency price.**
- **Representative** includes a director or employee of TF Global, and a director or employee any company related to TF Global, as well as any other entity that is appointed as an authorised representative of TF Global.
- **Slippage typically defined by the difference the trader sees on the screen and the price at which a trade was actually executed. This is usually caused by an increase in market volatility.**
- **Spot rate** refers to the price that a currency pair or commodity, share or index is quoted at, for an immediate "on the spot" transaction. All prices quoted by us are quoted using the spot rate.
- **Spread** is described in our FSG under the heading "What fees and commissions are payable to TF Global?", which forms part of this PDS.
- **Terms of Business** refers to the terms and conditions that you are required to agree to before you can use the products described in this PDS. , They are incorporated by reference into the

PDS. You can obtain a free copy of this document by contacting us using the details at the start of this PDS.

- **T+2** refer to a rule that most funds settle within 2 Business Days after the trade day.
- **USD** refers to the United States dollar.