



Product Disclosure Statement (PDS)

Margin Foreign Exchange (Margin FX)

AND

Contract for Difference (CFD)

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Monex Securities Australia Pty Ltd

AFSL No: 363972 | **ABN:** 84 142 210 179

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IMPORTANT INFORMATION AND DISCLAIMER

General information

Monex Securities Australia Pty Ltd ABN 84 142 210 179 (“Monex AU”, ‘we’, “us” or “our”) holds an Australian Financial Services Licence (“AFSL”) No. 363972 and is the issuer of the products described in this Product Disclosure Statement (“PDS”).

We are a provider of online margin foreign exchange (“Margin FX”) contracts and online contracts for difference (“CFDs”) to enable our clients to BUY and SELL Margin FX and CFDs.

Electronic Versions of the PDS: This PDS documentation is available electronically via our website at forex.monexsecurities.com.au.

Purpose and contents within this PDS

This PDS provides you with important information about the Margin FX contracts and CFDs, including information regarding the features and benefits, risks, fees and charges applicable, rights, terms, conditions and trading obligations of Margin FX contracts and CFDs.

The purpose of this PDS is designed to provide you with information to make a decision in relation to the acquisition of our Margin FX contracts and CFDs. This PDS may also help you to compare the financial products described with other issuers of similar products.

This PDS and its contents may be updated from time to time as deemed necessary by Monex AU, including to comply with the Applicable Laws. If an amendment is materially adverse to you, we will notify you in writing. In addition, we may issue a supplementary PDS if the circumstances require. Capitalised words and phrases used in this document have defined meanings which are contained in the ‘Glossary’ in Section 6 of this PDS.

Monex AU is licensed in Australia only and is not authorised to provide financial products or services in any other parts of the world. Please refer to the Jurisdiction – Treatment of Overseas Applicants section for more information.

Products covered in this PDS

We are authorised to give you general financial advice in relation to derivatives (e.g. CFDs and Margin FX). We are also authorised to deal in these products.

This means that we can provide you with general advice, without taking into account your personal circumstances, about CFDs and Margin FX trading. We can also help you open an Account with us. The opening of an Account does not constitute personal advice to you.

We are also authorised to “make a market” for derivatives and Margin FX contracts. This allows us to quote market prices to you, including buy and sell prices.

Should you have any queries about this document, please do not hesitate to contact us using the details in the 'How to contact us' section below.

How to contact us:

For any questions relating to this PDS, please contact us on 02 9103 9600 between Monday to Friday, during the hours of 9:00am and 5:00pm, Australian Eastern Standard Time (excluding Public Holidays). Additional contact information below.

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Service Hours	9:00am-5:00pm AEST, Monday to Friday (excluding NSW Public holidays)

ASIC Regulatory Guide 227 Benchmarks

The Australian Securities Investment Commission (ASIC) established seven benchmark standards that it expects issuers of OTC Margin FX contracts and CFDs to comply with. These requirements are contained in ASIC Regulatory Guide 227 (RG227). A Copy of RG227 can be obtained from the ASIC website (www.asic.gov.au). RG227 requires issuers to disclose whether they meet each of the benchmarks, and if not, explain why not.

The table below outlines each of the applicable benchmarks and whether Monex AU meets the requirements to ensure compliance against the specified benchmarks.

Benchmark Description	How does Monex AU meet this benchmark?	Meet
1.Client Qualification <i>Benchmark 1 addresses the issuer's policy on investors' qualification for CFD trading.</i>	Monex AU assesses a client's qualification for trading at the time of account opening. We will maintain records of our assessments. Please note we do not provide personal advice regarding the suitability of trading in these products, and it is your responsibility for verifying whether the financial products offered within this PDS are suitable for your personal financial circumstances and objectives. Monex AU does consider several factors, including your understanding of the products listed in this PDS, your income and previous investment experience, before agreeing to open a trading account for you. Prospective investors need to satisfy qualifying criteria, which address the following: <ol style="list-style-type: none"> 1. Previous experience investing in financial products, including securities and derivatives; 2. Understanding of the concepts of leverage, margin and volatility; 3. Understanding of the key features of the products; 4. Understanding the process and technologies used in trading; and 5. Preparedness to monitor and manage the risks of trading. 	✓ Yes

	<p>Upon receipt of your application, and upon considering the several factors above, we may at our discretion deem you as an 'unsuitable investor' and an account will not be opened for you. We will contact you on the nominated telephone number or email address provided when completing the application form should this arise. Further, we may contact you with further follow-up questions to ensure your understanding of and experience with the product is at an acceptable level under our AFSL authorisation to provide you these financial products.</p> <p>Prospective investors may resit the client qualification questionnaire up to three times before a notification is sent to client support that there have been three failures. Prospective investors are required to answer 70% of the questions correctly, and must answer at least one question correctly from each section, in order to pass.</p> <p>We may offer you a practice (or 'demo' or 'trial') account for a specific period of time before proceeding to open an actual account with real monies. Any practice accounts/systems or equipment offered to you is on a non-obligatory basis.</p>	
<p>2. Opening collateral</p> <p><i>Benchmark 2 addresses the issuer's policy on the types of assets accepted from investors as opening collateral</i></p>	<p>Monex AU only permits clients to open an account and trade with cleared funds (e.g. transfer of cleared funds from your external Australian Financial Institution banking account to your Monex AU trading Account).</p> <p>The use of credit cards and credit facilities to deposit into your trading Account is not permitted under any circumstances.</p> <p>No other financial products will be accepted as collateral to open a trading account,</p> <p>We highly recommend that you maintain sufficient Margin in your Account at all times to maintain your open positions.</p>	<p>✓ Yes</p>
<p>3. Counterparty Risk Hedging</p> <p><i>Benchmark 3 addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging.</i></p>	<p>Monex AU maintains and applies a written policy to manage our exposure to market risk from client positions. Our market exposure is hedged whereby each and every client transaction is automatically hedged with our counterparty. See the Hedging Policy on the Monex AU website for more information. This policy is updated regularly.</p> <p>Refer to Section 4 of this PDS for additional information.</p>	<p>✓ Yes</p>

<p>4.Counterparty risk -Financial resources</p> <p><i>Benchmark 4 addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements</i></p>	<p>You accept the risk that Monex AU will not meet our obligations to you under Margin FX Contracts or CFDs. By opening an account with us, you have considered the credit and related risks associated to Monex AU.</p> <p>As Monex AU is the products issuer, you are exposed to the financial and business risk, including the credit risk, associated with trading with Monex AU. If Monex AU becomes insolvent, Monex AU may be unable to meet our obligation to you. Please refer to Section 4 of this PDS for further information.</p> <p>Monex AU believes that your counterparty risk on Monex AU is low, especially due to our Hedging Policy and risk management. We will not carry out stress testing. However, the potential adverse outcome of this risk is very significant to you since, if it occurs, you could lose some or all of your investment. We have appointed an external independent auditor to conduct an annual audit. The audited financial statements are available to you upon written request. Refer to Section 4 of this PDS for more information.</p>	<p>✓ Yes</p>
<p>5.Client Money</p> <p><i>Benchmark 5 addresses the issuer's policy on its use of client money.</i></p>	<p>Monex AU maintains and applies a clear policy on our use of client money and holds client money on trust with an Australian bank which is fully segregated from our own moneys. This means that we do not use client money for purposes such as hedging, in accordance with the Applicable Laws and the Margin Trading Terms and Conditions. Refer to Section 6 of this PDS for more information.</p>	<p>✓ Yes</p>
<p>6.Suspended or halted Underlying Instrument</p> <p><i>Benchmark 6 addresses the issuer's practices in relation to investor trading when trading in the Underlying Instrument is suspended or halted.</i></p>	<p>In the event of trading in an Underlying Instrument being suspended, Monex AU has the absolute discretion to change the margin requirement on the position, re-price the position, and/or close out the position (if possible). Monex AU may widen the Spread if there is an increased risk of illiquidity in the market in which the underlying instrument is traded. Such discretionary actions could have a negative effect on the value of your Account and could require the deposit of additional funds and/or result in the liquidation of other open positions in your Account.</p>	<p>✓ Yes</p>
<p>7.Margin calls</p> <p><i>Benchmark 7 addresses the issuer's practices in the event of</i></p>	<p>Please refer to Section 2 of this PDS for information on Monex AU's practices in the event of a client's account entering into a Margin Call.</p>	<p>✓ Yes</p>

<i>client accounts entering into margin call</i>		
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Consumer Risk Warning and Important Considerations

OTC Derivative products are considered speculative products which are highly leveraged and carry significantly greater risks than non-gearred investments, such as shares. Investments in OTC Derivative products should not be undertaken unless you properly understand the nature of OTC Derivative products and are comfortable with the risks. You should read and carefully consider this PDS before deciding whether to trade with us in the products we offer. **Trading in margin contracts including CFDs involves the potential for profit as well as the risk of loss of which may exceed the amount of your initial investment.** Movements in the price of the margin contract's Underlying Instrument are influenced by a variety of unpredictable factors of global origin. Monex AU is unable to guarantee a maximum loss that you may suffer from your trading. If you have not had experience with investing in FX Contracts, CFDs or other leveraged products then these products may not be appropriate for you.

We can only provide you with advice which is general in nature. We provide general advice within this PDS, on our website or when you contact us, which does not take into account your financial situation, personal objectives or needs. Before trading in 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 Electronic Trading Platform. This PDS should be read with our Financial Services Guide (FSG) and Margin Trading Terms and Conditions. The FSG and Margin Trading Terms and Conditions can be found in the Legal Documents section of our website available at forex.monexsecurities.com.au.

You should obtain financial, legal, taxation and other professional advice as necessary prior to entering into an OTC Derivative transaction to ensure they are appropriate for your objectives, needs and circumstances.

The taxation consequences of OTC Derivative transactions can be complex and differ based on your personal financial circumstances. Your tax adviser should be consulted prior to entering into OTC Derivative transactions.

Nothing in this PDS should be considered as a recommendation to trade in OTC Derivatives or any other financial instruments.

Monex AU does not guarantee the investment performance of OTC Derivative products or the investment performance of the Underlying Instruments. Past performance is no indication or guarantee of future performance. Use of examples in this PDS are provided for illustrative purposes only and do not reflect our actions or determinations or an investor's personal circumstances.

ASIC does not endorse and is not responsible for the contents of this PDS, nor has this PDS been lodged with ASIC.

Jurisdiction - Treatment of Overseas Applicants

Monex AU is only authorised to provide financial services in Australia, limited to the authorisations set out in its AFSL. It is not licensed in any other part of the world. The distribution of this PDS (electronically or otherwise) may be restricted in certain jurisdictions outside Australia. Should you gain access to this PDS in a jurisdiction outside Australia, you should observe any restrictions which apply in that jurisdiction to accessing the PDS or trading Margin FX Contracts or CFDs. 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 person receiving this PDS outside of Australia intending to deal with Monex AU, you should note:

- The law governing your dealings with Monex AU is the law of New South Wales, Australia;
- The money which you deposit with Monex AU is regulated by the Australian Client Money Rules; and
- We may require you to confirm your status as a person in your jurisdiction who we are eligible to deal with.

Further, it may be illegal in the jurisdiction in which you are located to trade Margin FX Contracts or CFDs via the internet. If this is the case, you are not authorised to make any online payments to Monex AU. It is your responsibility at all times to check the national laws and regulations of your country of domicile. Additionally, persons who are minors under the age of 18 are not permitted to trade with Monex AU.

Applicants residing outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or whether any other formalities need to be observed to enable them to open an account. Failure to comply with the applicable restrictions may constitute a violation of laws.

General Information notice

The information contained in this PDS is general information only and does not consider your individual objectives, personal financial situation, circumstances or needs. You should obtain independent financial, legal, taxation and other professional advice concerning this PDS, the Margin Trading Terms and Conditions and the FSG prior to trading in Margin FX Contracts or CFDs offered by Monex AU.

Use of Examples in This PDS

The examples set out in this PDS and those on our websites are provided for illustrative purposes only. The examples use figures which attempt to demonstrate how Monex AU's Margin FX Contracts and CFDs work. The examples are not representations or guarantees of the performance of any particular Margin FX Contract or CFD, or of any profit or loss you may incur in trading in Margin FX Contracts or CFDs. Further, the examples do not necessarily reflect the manner in which we may exercise our powers or discretions.

Currency

All references in this PDS to "\$" are references to Australian dollars unless stated otherwise.

PDS Summary

This summary outlines some key questions that are explained in this PDS. However, you should ensure that you read and understand this PDS in its entirety before investing in FX contracts.

Issue	Summary	For more information, see:
Who is the Issuer of this PDS?	The issuer of this PDS is Monex Securities Australia Pty Ltd ACN 142 210 179 ("Monex AU", "us", "we" and "our"), is an Australian financial services company that is authorised to provide financial services in foreign exchange products and derivatives to Retail and Wholesale Clients in Australia (AFSL 363972). We are authorised to conduct financial services in Australia to deal in, make a market in, and provide general financial product advice in respect of foreign exchange contracts and derivatives. Further information on our authorisation is contained within our Financial Services Guide (FSG). You must obtain a copy of our FSG prior to acquiring financial products with us.	Important Information and Disclaimer
What is an FX Contract and/or CFD?	An FX Contract, CFD and/or derivative is essentially a contract under which the parties agree to exchange, upon the closing or settlement of the contract, the cash difference between the opening price and the closing price of an underlying currency, commodities and indices. The FX Contracts and CFDs we offer are over-the-counter financial products that give the holder exposure to an Underlying Instrument. FX Contracts and CFDs allow investors to participate in the returns from movements in an Underlying Instrument, without the need to physically own it.	Section 1
What are the prices involved with FX Contracts and CFDs?	Monex AU receives live buy and sell price quote feeds from various liquidity providers. If your Account type is Standard Account, then we add a mark-up to the Spread in favour of Monex AU, through which our profit is generated. The prices quoted to clients may differ from prices available in the primary or underlying market. Accordingly, due to the Spread applied between the bid and ask price, if the underlying value of the contract does not move between purchase and sale, you will make a loss to the extent of Monex AU's Spread.	Section 2
What fees and charges may be payable?	Monex AU incorporates a mark-up in the bid/ask Spread offered to clients as the price at which they can buy or sell a Currency Pair, commodity or index. You may also be charged a rollover fee, commission and rebate, administration charges, conversion fees and bank fees.	Section 5
What are the risks involved in trading Forex	As with all leveraged investments, trading in FX Contracts or CFDs is risky and is not appropriate for everyone. There are a number of types of risk that you should be aware of before	Section 4

Contracts and CFDs?	beginning to trade, including the possibility of losing more money than you invest. Some of these types of risk include: <ul style="list-style-type: none"> • Market Risk • Price/Rate Risk • Regulatory Risk • Counterparty Risk • Leverage Risk • Systems Risk • Execution Risk 	
What are the benefits of investing in FX Contracts and CFDs with Monex AU?	Benefits of investing in FX Contracts or CFDs with Monex AU include hedging investments and assist you in reducing or managing your market risk, flexible leverage solutions, easily accessing to the foreign exchange market at any time, real time streaming quotes, and protecting you against adverse market movement.	Section 3
What is the Margin Policy?	Margin is the amount of money that must be maintained in your account to ensure that you have enough funds to cover against losses on all of your open contracts at any time. Per Monex AU's Product and Charges List, clients must maintain at least 100% of the total margin requirements for all open positions. Please refer the Product and Charges list available via our website.	Section 2
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 total Margin requirement due to adverse price movements on your open positions.	Section 2
How do I open an account with Monex AU?	Prior to opening an account with Monex AU, you must ensure that you have read this PDS, FSG, and the Monex AU Margin Trading Terms and Conditions and understand the products offered through this PDS. Monex AU is not authorised to provide you with personal advice. Please consult with your financial adviser to confirm whether this product is right for you. If you are satisfied that trading in FX Contracts and/or CFDs is appropriate for you and have read this PDS, you can open an account by completing the application process via our website.	Section 1
How do I trade with Monex AU?	You may trade with us through the Monex AU Electronic Trading Platform (MetaTrader 4) software. We generally do not permit dealing through telephone calls, unless authorised by us in the event of an emergency or special circumstance.	Section 1
How are payments made in and out of my Account?	You may deposit funds by electronic funds transfer (EFT), BPAY® ¹ , or POLi Payments® ² . All funds must be cleared funds in your Account before they are accepted as payment for a Margin Call or can be made available for you to use in dealing in CFDs. Payments using BPAY® are not cleared funds in your Account at the time of use of BPAY®. Generally, cleared funds are received in your Account 48 hours on transfer. Please refer	

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	to your financial institution on further information on timeframes of transfer relating to using EFT, BPAY® or POLI Payments®. We will only pay you through EFT to the nominated bank account details previously provided to us either at account opening or through change of request.	
Do I receive interest on moneys held in my Account or pay interest on moneys I owe to you?	We do not pay interest on credit balances across applicable currencies in your Account. We will charge interest on any debit balances in a currency ledger on your Account. Any amounts of interest payable to us will be deducted from any amounts payable to you.	Section 6
What are the taxation implications of entering into Margin FX Contracts and CFDs?	The taxation consequences of Margin FX Contracts and CFDs transactions depend on your personal circumstances. 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 transacting in the products on your particular financial situation	Section 6
What procedures are in place to deal with your complaints?	We provide a complaint handling and dispute resolution process for our clients and we are a member of the Australian Financial Complaints Authority (AFCA) external complaints resolution body.	Section 6
How can I contact Monex AU?	You can you contact us: <ul style="list-style-type: none"> • by telephone at +61 2 9103 9600; • by email at cfdservices@monexsecurities.com.au • by mail at Level 11, 300 George Street, Sydney NSW 2000; and • through our website at forex.monexsecurities.com.au. 	Important Information and Disclaimer
How do I change my details?	We appreciate that things change, such as moving home, changing your contact details, email address, or banking instructions. Making a change on your account is easy. Please contact us on +61 2 9103 9600.	

Section 1: About Margin FX Contracts and CFDs

Margin FX contracts

Margin FX Contracts are agreements entered by you with Monex AU which allow you to make a gain and loss, depending on the underlying currencies. The contract derives the value from underlying currencies which is never physically 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 you choose moves in your favour. If it does, then you will make a gain and your trading Account will be credited. If it does not, then you will make a loss and your trading Account will be debited. The contracts only require a deposit which is much smaller than the contract size (this is why the contract is “marginated” or “leveraged”).

CFDs

Similar to a Margin FX Contract, a CFD is a contract under which the parties agree to exchange, upon the closing settlement of the contract, the cash difference between the opening price and the closing price of a certain asset. CFDs allow you to participate in the returns from movements in an Underlying Instrument without the need to physically own it. Please note, however, that at the time of preparing this PDS, we currently offer only commodity CFDs and index CFDs on the Electronic Trading Platform.

Important note on cryptocurrency CFDs

Monex AU does not provide digital currency exchange services and all cryptocurrency products issued by Monex AU are cash settled. Monex AU may from time to time offer pricing on selected cryptocurrencies, and related indexes on baskets of them. It is important to note that while the instrument structure and specifications of such offerings from Monex AU are substantially similar to that of other CFDs or indeed Margin FX, the underlying markets are themselves very different. Broadly, although a variety of these different markets have become collectively known as “cryptocurrencies” or digital currencies each one is different and subject to its own rules of creation, storage and transfer of ownership of their various units. Our contracts are of course only for differences in the changes of the prices of those units as they trade in their underlying markets without creating any direct equity interest in them, as with all CFDs.

It is beyond the scope of this PDS to describe the mechanics behind these underlying markets. Clients are urged to familiarise themselves with the operations of these underlying markets prior to trading CFDs on them with Monex AU.

Monex AU cautions that these cryptocurrency markets tend to have thinner liquidity and higher pricing volatility than other CFDs and Margin FX. Monex AU would also like to highlight the increased priced volatility due to the weekend gap. That is, cryptocurrency markets operate 24/7 whereas Monex AU only offers the CFDs 24 hours a day, 5 Business Days a week.

Consequently, trading cryptocurrency CFDs is typically substantially riskier than those traditional markets. Monex AU will be adjusting its margin and leverage limits accordingly and urges its customers also to adopt appropriate caution.

How do I commence trading Margin FX Contracts and CFDs with Monex AU?

In order to trade Margin FX Contracts and CFDs with us, you must open an Account by completing an application process via our website. Before starting the account opening process, you must read the following important documents prior to making a decision whether Margin FX Contracts and CFDs trading is suitable for you:

- Financial Services Guide (FSG)
- this PDS; and
- Margin Trading Terms and Conditions;

The documents referred to above are available on Monex AU's website forex.monexsecurities.com.au or can be obtained by contacting us on +61 2 9103 9600.

Once you have reviewed the FSG, PDS and Margin Trading Terms and Conditions, to acknowledge acceptance of the specific terms and conditions, you must complete an application process and be approved by us. Once approved by us, your online Account will be activated, important information relating to your Account will be communicated in writing to you, and then you can commence trading FX Contracts and CFDs. We may reject your application in our responsible discretion.

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

We rely on the information that you provide us in your Account application or otherwise as being correct and not misleading at all times, unless you notify us otherwise in writing, or if your circumstances have subsequently changed.

The application process requires you to disclose personal information. You should refer to the Privacy Policy section later in this document which explains how Monex AU collects personal information and then maintains, uses, and discloses that information.

What is the Margin Trading Terms and Conditions?

The Margin Trading Terms and Conditions governs the contractual relationship between Monex AU and you (including but not limited to the consequences of events of default). The Margin Trading Terms and Conditions sets out the basis on which transactions will take place and the obligations of both Monex AU and you when accessing and trading with Monex AU.

However, entering into the Margin Trading Terms and Conditions does not itself constitute a trade or in any way oblige you to enter into future transactions. You maintain this decision at all times. By completing the application process, you accept the Margin Trading Terms and Conditions. This must occur before you can enter into transactions with us. Monex AU's Margin Trading Terms and Conditions is incorporated by reference in to this PDS and is available on our website. A paper copy is available free of charge on request by contacting us.

Section 2: Trading margin FX Contracts and CFDs with Monex AU

What account types are offered by Monex AU?

Monex AU offers two account types: a Standard Account and a PRO (ECN) Account that have been carefully configured. You can choose whether you want to trade on razor tight Spreads and pay a low commission per lot or have the cost factored into the Spread. Both account types attract liquidity from global banks and specialised ECNs. MT4 servers are hosted in a secure, well renowned Equinix LD4 data centre, which creates a low latency and fast execution experience.

How do I open and close a margin FX Contract or CFD?

A position is opened by either buying or selling a Margin FX Contract or CFD.

Buying: In general, most traders will buy to open a “long” position if they expect an instrument to rise in value. Selling: In general, most traders will sell to open a “short” position if they expect an instrument to fall in value. If you buy or sell as your first transaction, you are opening your position. When you buy, you buy at the “ask” price, and when you sell, you sell at the “bid” price.

Margin FX Contract Example:

If the current exchange rate for the Euro against the US dollar is quoted to be EURUSD 1.13000, this means that one Euro is equal to 1.13000 US dollars (i.e. \$1.13 US dollars). The currency on the left of a pair is a Base Currency.
A foreign exchange quote: e.g. EURUSD 1.13952/1.13972 represents the bid/ask Spread (in this case for EURUSD). This quote means that you can:
To buy (ask), you would pay $1.13972 \times \text{contract size}$. To sell (bid), you would receive $1.13952 \times \text{contract size}$. The difference between the two prices is 0.0002 which, in this example, is the Spread.

Each contract's size can be any amount equals to 100,000 or in multiple of 100,000 of a particular trading currency. Remember: what you are actually buying or selling is a contract - not the currency itself.

You then choose when to sell or buy in order to close your position. To close your position, you need to do what you did above, with the intention of closing the trade.

Opening the position	
Buy 1 lot EURUSD at ask price: contract value= lot*contract size*market price	$1 \times 100,000 \times 1.13972 = \text{USD } 113,972.00$ contract value
The leverage level set on your account is 200:1. That means an Initial Margin to be deposited into trading account, which is 0.5% of the contract value.	$\text{USD } 113972 \times 0.5\% = \text{USD } 569.86$ Initial Margin
Monex AU earns a Spread on the bid and ask prices we quote to you. In this example, the difference is 0.0002 also known as 2 “pips”, which amounts to	$1 \times 100000 \times (1.13972 - 1.13952) = \text{USD } 20.00$

USD 20 in contract value. It is built into the price when you clicked “buy” and again when you click “sell”.	
Rollover interest	
When a position is held open overnight when it passes 21:00 GMT during daylight saving time. You will be paid or charged an interest. Rollover interest (Swaps) is calculated based on the relative interest rates of the currencies concerned and are calculated using the following formula; Example: If Rollover Interest Rate (Swap Rate) of buying EURUSD is -2.20points, you buy 1 lot of EURUSD. Rollover interest (Swaps) = (Lots * swap points [Long or short] * point size Point size = \$1 as 1 point on EUR/USD is equal to USD\$1	$1 * -2.20 * 1 = \text{USD}2.20$
Closing the position	
The next day the price of EURUSD has increased 20 pips to 1.14152/1.14172. The trade has moved in your favour and you decide to take your profit and close the position by sell at the bid price.	$1 * 100000 * 1.14152 = \text{USD } 114152.00$
Your gross profit is the difference between the opening position and the closing position	$\text{USD } 114152 - \text{USD } 113972 = \text{USD}180.00$
Your net profit is the gross profit less the cost which may include the rollover interest if it applies. The Spread was built in to the price, which included USD 20 in this example.	$\text{USD } 180 - \text{USD } 2.20 = \text{USD } 177.8$

In the example above, you must deposit at least USD 569.86 to cover your Initial Margin requirement, and you have made a total gain of USD 177.80. In the example, if the price movement is not in your favour, you could make a loss.

CFD Example (Index & Commodity):

When using Monex AU's services, you can trade on the quoted rate for spot gold.

If the current price of gold against the US dollar is quoted to be XAUUSD 1295.85, this means that 1 oz. of gold is equal to USD 1295.85 A gold quote: e.g. XAUUSD 1295.85/1296.35 represents the bid/ask Spread (in this case for XAUUSD). This quote means that you can: Buy gold at USD 1296.35 per ounce against the US dollar; and/or sell gold at USD1296.85 per ounce against the US dollar. Monex AU's standard lot size is 100 ounces when you buy or sell 1 lot.

Opening the position	
Buy 1 lot spot gold CFD at ask price: contract value =lot*contract size*market price	$1 * 100 * 1,296.35 = \text{USD } 129,635.00$
The position for an account requires Initial Margin at 1%of the contract value.	$\text{USD } 129,635.00 * 1\% = 1296.35$ Initial Margin
Monex AU earns a Spread on the difference between the bid and ask prices we quote to you. In this	$1 * 100 * (1296.35 - 1295.85) = \text{USD } 50.00$

example, The Spread is USD 0.5. which amounts to USD 50.00 in contract value. It is built in to the price when you clicked “buy” and “sell”.	
Rollover interest	
When a position is held open overnight when it passes 21:00 GMT during daylight saving time. You will be paid or charged an interest. Rollover interest (swaps) is calculated using the formula below and can be found on the Electronic Trading platform. Example: If rollover interest rate (swap rate) of buying spot gold is -2.90points, you buy 1 lot of spot gold CFD. Rollover interest (swaps) = (lots * swap points [long or short] * point size Point size = \$1 as 1 point on XAUDUSD is equal to USD\$1	$1 * -2.90 * 1 = -\text{USD } 2.90$
Closing the position	
The next day the price of spot gold has increased by USD 10.00 to 1305.85 (bid) /1306.35 (ask). The trade has moved in your favour and you decide to close your position.	$1 * 100 * 1305.85 = \text{USD } 130,585.00$
Your gross profit is the difference between the opening position and the closing position.	$\text{USD } 130,585 - \text{USD } 129,635 = \text{USD } 950.00$
Your total net gain is the gross gain less the costs and swaps (if applies). The Spread was built in to the price and included USD 50.00 in this example.	$\text{USD } 950.00 - \text{USD } 2.90 = \text{USD } 947.10$

In the example above, you must deposit at least USD 1296.35 as your Initial Margin on this trade and have made a profit of USD 947.10. On the contrary, if the price of spot gold decreased by USD 10.00 instead of increased, you would have made a loss.

For the index products, dividend payments will be applied as a swap amount along with the overnight financing cost to any open positions. Adjustments will be applied on the eve of the ex-dividend date of the constituent member of the relevant index.

How is the price of FX Contracts and CFDs determined?

Monex AU quotes a lower price (the bid) and a higher price (the offer/ask) at which you can place your Order. The difference between these two prices is referred to as the Spread. These prices are set by us and hence may not be the same as quoted in the underlying market. We aim to provide competitive pricing but do not act as an agent to find the best market prices. Prices displayed on our Electronic Trading Platform are usually executable, represent the spot price and therefore may be constantly changing as prices from our liquidity providers fluctuate.

What margin requirements apply?

Margin refers to the minimum amount that you must have in your Account to enter into an FX Contract or CFD with Monex AU. We require you to maintain sufficient margin in your trading Account to cover any losses which might incur. If there is insufficient margin in your trading Account, we are required to commence the process of closing open positions automatically, using the prevailing market rates at the time of closing, in order to prevent the possibility of further losses. You will remain liable for any negative balance which cannot be covered by the closing out of your positions.

Further, in the event the margin level in your trading Account falls below a predetermined minimum level set by us or if we exercise our absolute discretion, then we are entitled to request further deposits from you immediately, or your position will be closed at the prevailing market rate without further notice to you. We can do this in order to minimise trading risk and deduct the resulting realised loss from your remaining funds held by us. You will remain liable for any negative account balance which cannot be covered by the closing out of your positions. Please refer to “specification” by right clicking on the instrument in the Electronic Trading Platform or refer to the product information via our website for the details of margin level.

Where Monex AU effects or arranges a transaction involving a CFD or Margin FX contract, it is important you are aware that depending upon the nature of the transaction, you may be liable to make further payments when the transaction fails to be completed or upon the earlier settlement or closing out of your transaction. You will be required to make further variable payments by way of margin against the purchase price of the financial instrument, instead of paying (or receiving) the whole purchase (or sale) price immediately. The movement in the market price of your investment will affect the amount of margin payment you will be required to make. Please contact us if you require further information on Margin Call requests.

When faced with a Margin Call, we suggest that you take proactive measures to routinely manage your Account. For example:

- monitor the status of your Account continuously;
- where applicable, close individual positions to reduce the amount of margin required; and
- if necessary, transfer additional funds into your Account. Please note that delays in transferring funds to your trading Account may result in the closure of positions referred to above. Please ensure you refer to your appointed bank’s electronic transfer procedures to ensure cleared and available funds are deposited in your trading Account in advance of a position close out.

Margin Call Example:	
Opening the position	
Sell 1 lot EURUSD at bid price: contract value=lot*contract size *market price	$1*100,000*1.13972=USD\ 113,972.00$ (contract value)
Your account is with a 200:1 leverage level. When opening 1 lot of EURUSD position, the required margin is USD 569.86.	Required margin: $USD\ 113,972.00*0.5%=USD\ 569.86$
Margin Call	
If your total equity falls and equals to the required margin, Monex AU will execute a Margin call.	Margin Call level: $USD\ 569.86*100%=USD\ 569.86$
Stop out level	
If your total equity falls below 50% of the required margin, Monex AU will automatically stop you out.	Stop out level: $USD\ 569.86*50%=USD\ 284.93$

IMPORTANT NOTICE: *Trading in margin contracts including CFDs involves the potential for profit as well as the risk of loss of which may exceed the amount of your initial investment.*

What are pips?

PIPs in Margin FX Contracts:

In Margin FX contract trading, price movements are measured in pips, as opposed to ticks which are used to measure price movements in many other financial instruments.

For all Currency Pairs, with the exception for which JPY is the counter-currency (second currency), the place value of a PIP is the fourth digit to the right of the decimal point. For Currency Pairs with JPY as the counter-currency, the place value of a PIP is the second digit to the right of the decimal point. Following is a worked example of PIP:

Pip Example: (CHFJPY): A movement in the price of CHFJPY from 95.240 to 95.250 would be a change of 1 pip.

Pip Example (all other pairs): A movement in the price of EUR/USD from 1.13950 to 1.13960 would be a change of 1 pip.

What are position rollovers?

We will automatically rollover all open positions (FX Contracts and CFDs) in your Account to the following Business Day unless you close your position(s) prior to 21:00 GMT day light saving time. Monex AU will charge you a fee in respect of each such position that is rolled over. Refer to the "Fees and Charges" in Section 5 of this PDS for further information about rollover fees.

How are Payments made in and out of my Account?

Monex AU only permits clients to open an account and trade with cleared funds (e.g. transfer of cleared funds from your external Australian Financial Institution banking account to your Monex AU trading Account). The use of credit cards and credit facilities to deposit into your trading Account is not permitted under any circumstance.

Payment using BPAY® are not cleared funds in your Account at the time of use of BPAY®. Generally, clear funds are received in your Account 48 hours after the use of BPAY® and it is our discretion to collect proof of deposit to verify the source of funds from you.

You may withdraw money from your Account by instructing Monex AU to process such a transaction and specifying your personal details, Account number, the amount you wish to withdraw and the method of payment.

Further, we may at our discretion withhold any payment if:

- Open positions in your Account show unrealised losses and the withdrawal would result in the Account having insufficient funds to meet margin requirements;
- We reasonably consider that funds may be required to meet any current or future margin requirement on open positions;
- You have any contingent liability to us or to any of our associates in respect of any other Account you have opened with them;
- We reasonably determine that there is an unresolved dispute between you and Monex AU;
- We consider it necessary or desirable to enable us to comply with regulatory/legal obligations.

Monex AU will not pay funds to any third-party account. Funds requested for withdrawal will only be paid to an account in the same name as the Account holder with us. Please contact us should you require further information on third party payments.

Section 3: What Are the Key Benefits of Dealing in FX Contracts & CFDs with Monex AU?

The key benefits associated with trading in FX Contracts and CFDs with us include:

Hedging

Margin FX contracts and CFDs can be used to hedge investments and reduce existing market risk. You can hedge directly, on a portfolio basis, as any profit or loss you make using our trading facilities would be offset against the higher (or lower) price you physically have to pay for the currency, commodity or other asset in future.

Leverage

We provide flexible leverage solutions. Margin FX and CFDs are leveraged investments and trading instruments. While leverage can magnify losses, it can also magnify profits. Leverage allows clients to take larger exposures, to more markets, than cash investors using the same capital base. Leverage also means that clients can employ more investment and trading strategies than 'long only' investors. These include trading 'pairs', trading across asset classes, going short and taking exposures around short term events.

Access to the foreign exchange market at any time

When you are using Monex AU, you gain access to a live trading system that provides you with the opportunity to trade 24 hours a day on any global market which is open for trading. This gives you a unique opportunity to react instantly to important news that is affecting global exchange markets.

Real time streaming quotes

The Electronic Trading Platform uses the latest highly sophisticated technologies in order to offer you up-to-the-minute quotes. You have the option of reviewing and placing a real time trade using your trading account online, 24 hours a day on any global market which is open for trading and make a trade based on real-time information. Please refer to our website on Product and Charges List available for trading.

Protect an Exchange Rate

Monex AU trading facilities provide you with direct access to our system to enable you to buy and sell currency rates to protect yourself against adverse market swings. We also offer you a way of managing volatility by using stop loss orders that enable clients to protect themselves against adverse market swings yet secure enhanced market rates when offered. You can eliminate downside risk by the use of stop loss orders if the exchange rate reaches a particular level. In addition, clients may also use limit orders which allow clients the opportunity to benefit from favourable upside market movements.

Section 4: What are the Significant Risks of Dealing in Margin FX Contracts & CFDs with Monex AU?

You should be aware that trading Margin FX Contracts and CFDs offered by Monex AU involves risks. It is important that you carefully consider whether dealing in Margin FX Contracts and CFDs is appropriate for you in light of your financial circumstances such as your objectives, financial situation and needs.

Monitoring of any risks associated with Monex AU trading facilities is your responsibility.

Monex AU will not give you any personal financial product advice. As Monex AU will only be providing general advice, this advice will not take into account your objectives, financial situation or needs.

You should obtain your own financial, legal, taxation and other professional advice as to whether Margin FX Contracts or CFDs are an appropriate investment for you.

Management of Risk

Stop Loss

You may sustain losses in excess of the moneys you have on deposit. Monex AU recommends that you do not risk money that you are not in a position to lose and that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop-loss orders). Stop-loss orders assist you in managing your risk by preventing your account from declining below what you are prepared to lose. This type of order is designed to automatically close some or all of your open positions at the best available price once a certain price is reached. A stop-loss order can only be set at a price less favourable than the current price.

For example:

If you buy the EURUSD at 1.13010 and want the position to close automatically if it moves 100 pips against you, you would enter a stop-loss order into the Electronic Trading Platform at 1.12010. (If your position was a sell, you would enter the stop-loss order above the current price i.e.1.13010.)

Please note that your stop-loss orders may be filled at prices less than to which they were originally placed. We will execute a stop-loss order once one of the following conditions is met:

- Our offer price has reached the stop-loss order price in the case of a buy order, or Our bid price has reached the stop-loss order price in the case of a sell order; or

- The price offered by Monex AU on the Electronic Trading Platform has traded at or through the level at which the stop-loss order was placed.

In some market conditions, such as Gapping in the underlying market, the price offered by Monex AU on the Electronic Trading Platform may Gap through your specified price (stop level). In this situation, the stop-loss order will be executed at the next available price.

IMPORTANT: Due to the above factors, Monex AU does not guarantee that your stop-loss order will be executed at the same price you requested.

Buy Limit

Buy limit is a trade request to buy at an ask price that is equal to or lower than the buy limit price. The current price level is higher than the value in the order. Usually this order is placed in anticipation of a price drop followed by a rebound.

For example:

The market price of EURUSD ask price is 1.13010 and you place 30 pips buy limit level at 1.12710. If the price falls to 1.12710 or below, the order will be executed and you will take a long position of EURUSD at the best prevailing market price at time of execution, after which you would make a gain if the market price rebounds and make a loss if the market price continues to go down.

Sell Limit

Sell limit is a trade request to sell at a bid price that is equal to or higher than the sell limit price. The current price level is lower than the value in the order. Usually this order is placed in anticipation of a price rise followed by a fall back.

For example:

The market price of EURUSD bid price is 1.13010 and you place 30 pips sell limit level at 1.13310. If the price falls to 1.13310 or below, the order will be executed and you will take a short position of EURUSD at the best prevailing market price at the time of execution, after which you would make a gain if the market price falls back and make a loss if the market price continues to go up.

Buy Stop

Buy stop is a trade request to buy at an ask price that is equal to or higher than the best prevailing market price at the time of execution. The current price level is lower than the value in the order. Usually this order is placed in anticipation of a continuous price rise.

For example:

The market price of EURUSD ask price is 1.13010 and you place 30 pips buy stop level at 1.13310. If the EURUSD goes up to 1.13310 or above, the order will be executed and you will take a long position of EURUSD at the best prevailing market price at time of execution, after which you would make a gain if the market price continues to rise and make a loss if the market price falls back.

Sell Stop

Sell stop is a trade request to sell at a bid price that is equal to or lower than the best prevailing market price at time of execution. The current price level is higher than the value in the order. Usually this order is placed in anticipation of a continuous price fall.

For example:

The market price of EURUSD bid price is 1.13010 and you place 30 pips sell stop level at 1.12710. If the EURUSD goes down to 1.12710 or below, the order will be executed and you will take a short position of EURUSD at the best prevailing market price at time of execution, after which you would make a gain if the market price continues to fall and make a loss if the market price rebounds.

Trailing Stop

Trailing stop is a method to move a stop-loss level automatically.

For example:

You are having long position of EURUSD at the price of 1.13010, you set 40 pips trailing stop order. The stop price is 1.12610. The EURUSD then rises by 45 pips to 1.13460, your stop price will automatically move up to 1.13060, locking in your profits. The stop will continue to rise if EURUSD rises. If the EURUSD falls, the stop will remain at 1.1306. If the EURUSD falls to 1.13060, your stop will be activated and your position will be closed at the best prevailing market price at time of execution.

Market Risk

Market risk is the risk that the value of your positions will change as a result of a movement in the underlying market price.

For Margin FX Contracts and CFDs, you will suffer a loss if the underlying instrument moves unfavourably. There is no guarantee or assurance that you will make profits, or not make losses, or that any unrealised profits or losses will remain unchanged. You should note that information about prices or rates may come from a number of sources and may not necessarily be current when provided to you. Monex AU does not accept responsibility for this as it is impossible to guarantee prices based on a snap shot of your open positions until they are physically closed out and the price is determined.

Regulatory Risk

You may be exposed to the risk of a change in laws and regulations that may materially impact Monex AU or our dealings with you. A change in laws or regulations made by the government or a regulatory body can possibly increase the costs of operating a business, or possibly reduce the attractiveness of offering a financial product.

Counterparty Risk

As Monex AU is the issuer of the Margin FX contracts and CFDs, you are dealing with Monex AU as the counterparty to every transaction. Margin FX and CFD contracts are not traded on a regulated exchange.

Thus, you are exposed to the financial and business risks, including credit risk, associated in dealing with us. This is common to all OTC financial products.

You are reliant on Monex AU's ability to meet its counterparty obligations to you to settle the relevant Margin FX contract or CFD. In the event we become insolvent, we may be unable to meet our obligations to you in part or in full. Monex AU enters into arrangements with third party execution and clearing providers for the facilitation of transactions and settlements. Clients may be indirectly exposed to financial risks of our counterparties and organisations with whom Monex AU holds funds. If our financial condition or assets of our counterparties with which we hold client assets deteriorates, then clients could suffer loss because the return of the client capital could become difficult. Refer to the paragraph titled Clients' Money in Section 6 of this PDS for further information.

Monex AU has risk management and compliance systems in place to manage various risks including financial, credit and operational risks. Funds are held with reputable financial institutions. We manage our market exposures by automatically hedging each and every client transaction with our hedging counterparty. Before entering a relationship with a new hedging counterparty, Monex AU undertakes a due diligence process. This process will include a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangement, reliability, technology, reporting process, fees and charges. Please refer to the Hedging Policy on the website.

Please note: We do not use client moneys to hedge any of our positions with our hedging counterparty. These positions are funded from our corporate account. Further information about Monex AU's financial position is available by contacting us and requesting a copy of our audited financial statements.

Leverage Risk

Trading Margin FX contracts 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 Instrument. The use of products like this magnifies the size of your trade, so your potential gain and loss are equally magnified. You should closely monitor all of your open positions. If the market moves against you, it could result in substantial profits or losses exceeding your Initial Margin. In addition, you could be required to pay further funds representing losses, and other fees on your open and closed positions.

An example of leverage risk:

If an account with Monex AU permits you to trade on a highly leveraged basis (up to approximately 50 times your account equity or as otherwise permitted from time to time). An initial deposit of AUD\$10,000 may enable the trader to take a maximum position of AUD\$500,000 notional market value. In such a case, the funds in an account trading at maximum leverage can be completely lost, if the position(s) held in the account has more than a 2% swing in value. In fact, your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have deposited with us.

Systems Risk

Operational risks in relation to the Monex AU's trading systems are inherent in every Margin FX Contract and CFD. For example, disruptions in Monex AU's operational processes such as communications, computers, computer networks, software or external events may lead to delays in the execution and settlement of a transaction.

Clients receiving a disruption on their Electronic Trading Platform must call a Monex AU representative in order to open/close positions. In the event a disruption occurs on the Monex AU side, you may be unable to trade in a Margin FX Contract or CFD offered by Monex AU when you wish, and you may suffer a financial loss or opportunity loss as a result.

Monex AU does not accept or bear any liability whatsoever in relation to the operation of the Monex AU Electronic Trading Platform, except to the extent that it is caused by the fraud or dishonesty on the part of Monex AU or its employees, agents or representatives.

Execution Risk

Slippage

We aim to provide you with the best pricing available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to what is referred to as "slippage". This most commonly occurs during fundamental news events or Gapping underlying markets.

The volatility in the market may create conditions where orders are difficult to execute, since the price might be many pips away due to the extreme market movement or Gapping. Execution is subject to available liquidity at any and all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity exhausted, in which instance your order would be filled at the next best price or the fair market value.

Delays in Execution

A delay in execution may occur for various reasons, such as technical issues with your internet connection to the Monex AU servers, which may result in hanging orders. The Electronic Trading Platform on your computer may not be maintaining a constant connection with the Monex AU servers due to a lack of signal strength from a wireless or dialup connection. A disturbance in the connection path can sometimes interrupt the signal, and disable the Electronic Trading Platform, causing delays in transmission of data between your Electronic Trading Platform and Monex AU servers. Monex AU does not bear any liability whatsoever in relation to financial or opportunity losses arising from delays in execution.

Greyed-Out Pricing

Greyed-out pricing occurs when Monex AU ceases trading rights on a particular symbol. You will be able to execute trades again once the symbol is reverted back from being greyed out.

Hedging

The ability to hedge allows you to hold both buy and sell positions in the same product simultaneously. You have the ability to enter the market without choosing a particular direction. While the ability to hedge is an appealing feature, you should be aware of the factors that may affect hedged positions. It is important to note that even a fully hedged account may suffer losses due to rollover costs, exchange rate fluctuations or widening Spreads. Such losses may even trigger a Margin Call.

Trading Platform Closed

Due to the dynamic nature of the financial markets, it is possible that the value of your open positions will change while the trading function of the Electronic Trading Platform is closed i.e. on days which are not a

trading day. In this case, you will not be able to trade in a Margin FX Contract or CFD such as open a new transaction or close out an open transaction until the trading function re-opens. You may suffer a financial loss or opportunity loss as a result.

Transactions are not Transferable

As each Margin FX Contract and CFD you enter into with us is a transaction between you and Monex AU and is not traded on an exchange or market, you will not be able to transfer or assign the Margin FX Contract or CFD to any other person.

Cooling-Off Arrangements

There are no cooling-off arrangements for the Margin FX Contracts or CFDs offered by Monex AU. This means that when you enter a transaction with Monex AU you do not have a right to return the product and you do not have the right to request Monex AU to repay the money you have paid to acquire the product. Should you change your mind after entering into a Margin FX Contract or CFD Contract with Monex AU, you should close out your position in the manner as described elsewhere in this PDS.

Section 5: Fees and Charges

Fees and charges when dealing in Margin FX Contracts and CFDs may incorporate any or all of the following:

- Transaction Fees (Spread)
- Finance Charge (Rollover or “Swap”)
- Commission and Rebates
- Administration Charges
- Conversion Fees
- Bank Fees

These fees and charges are explained in further detail below.

Fees and charges may change from time to time. Accordingly, you should refer to the Product and Charges List, which is published on our website. Please ensure you understand and accept all the fees and charges involved.

Transaction Fees (Spread)

Depending on the account type you choose, either the Spread will be widened and/or a commission per transaction will be applied. When you choose to have a Standard Account, we earn income (revenue) from the Spreads that are embedded in the currency rates quoted on the Electronic Trading Platform. The Spread is the difference between the bid and ask price for any Currency Pair. You will incur a mark-up within the Spread that is variable and is dependent upon the Currency Pair, market conditions and prevailing market rates. A mark-up is incurred each time you buy or sell a Margin FX Contract or CFD.

Spread example:

If the bid/ask Spread available to you on the GBPUSD is 1.3000/1.3005, it means you may sell the pair

for 1.3000 or buy the pair at 1.3005. In this case, if the mark-up was 2 pips, or 0.02%, the price that is actually executable by Monex AU with its liquidity providers would be GBP/USD 1.3001/1.3004.

Finance Charge (Rollover / Swap)

Electronic Trading Platform: Positions that are held open from one 'day' through until the next 'day' will attract an automatic adjustment known as 'roll over' or 'swap to account for the interest rate differential between the currencies being traded. By convention, one FX trading 'day' ends and another begins at 17:00 New York Time. Current swap rates can be found in the 'Market Watch' section of the Electronic Trading Platform.

Rollover Calculation:

Calculating the amount of swap to be either credited or debited is simply a matter of multiplying the lot size of the relevant trade by either the swap long or the swap short points and the point size, depending on whether the trade being rolled over is long or short. This will give you the swap amount in the same currency as the term currency (the one on the right) of the position that is being rolled over. If this is the same as the currency in which the account is denominated (the deposit currency) there is nothing else to do. However, if the Base Currency and the deposit currency are not the same, the swap amount needs to be converted into the deposit currency.

Example 1.

Account type	Standard: 1 lot = 100,000
Deposit currency	AUD
Pair being rolled	AUD/USD
Position size	2.0 lots
Long or Short	Long
Swap Long	9.0
Swap Short	-15.0

$$\begin{aligned}
 \text{Swap} &= \text{Lots} * \text{Swap Long} * \text{Point size} \\
 &= 2.0 * 9 * 1 \\
 &= 18
 \end{aligned}$$

So, when this position is rolled over, the account will receive a credit of USD \$18.00

Example 2

Account type	Standard: 1 lot = 100,000
Deposit currency	USD
Pair being rolled	EUR/USD
Position size	1.5 lots
Long or Short	Short
Swap Long	-2.5
Swap Short	-1.7

$$\begin{aligned} \text{Swap} &= \text{Lots} * \text{Swap Short} * \text{Point size} \\ &= 1.5 * -1.7 * 1 \\ &= -2.55 \text{ or } -\text{USD}2.55 \end{aligned}$$

Example 3.

Account type	Standard: 1 lot = 100,000
Deposit currency	AUD
Pair being rolled	EUR/USD
Position size	0.3 lots
Long or Short	Short
Swap Long	-2.5
Swap Short	-1.7

In the third example, the deposit currency (AUD) is different to both the Base Currency (EUR) and the terms currency (USD) of the pair being rolled over. Calculating the swap amount uses the same method as examples 1 and 2 however as the swap amount will be in USD this then is converted to the deposit currency of the account (AUD) at the rate at the time of the swap being calculated.

$$\begin{aligned} \text{Swap} &= \text{Lots} * \text{Swap Short} * \text{Point size} \\ &= 0.3 * -1.7 * 1 \\ &= -0.51 \text{ or } -\text{USD}0.51 \end{aligned}$$

This debit is converted to the deposit currency (AUD). If we assume a AUD/USD rate of 0.71741 the AUD equivalent is –A\$0.071.

Commissions and Rebates

Commission: When you choose to have a PRO (ECN) Account, we will charge a commission based on the Base Currency your account is denominated in. For details of commission, please refer to the Product and Charges List. There is no commission to pay on a Standard Account.

Rebates: Monex AU may provide additional compensation, in the form of rebates, to Introducing Brokers who introduce clients to Monex AU. Monex AU may choose to compensate certain Introducing Brokers with a rebate, particularly ones who bring significant business to Monex AU. However, it is very important to understand that the rebate paid to Introducing Brokers is not deducted from the client's account and is NOT built-in to the cost of the transaction (i.e. a wider Spread) or a cost to the client. If we choose to pay a rebate to a certain Introducing Broker, there will be no resulting detrimental monetary effect to any client.

Administrative Fees

We do not charge a fee in order to setup your Account or deposit funds. However, certain payment options may attract a fee and it is our discretion in whether these fees are passed onto you.

Conversion Fees

Your trading Account with Monex AU is normally denominated in an Account Base Currency that you select at the time of opening your trading Account. If you deposit Australian dollars into your trading account, you will have to select AUD as Account Base Currency. You can use your own bank to convert your existing funds into the Account Base Currency. The bank may charge you for this service.

Transferring funds between one trading account and another with different base currencies, or whenever you request a conversion (when you close an open position in a currency other than the base currency of your Account, we automatically convert the realised profit or loss into the base currency of your Account at our current exchange rate quoted by us which may be different to the spot foreign exchange rate), Monex AU will perform the conversion at a rate quoted by us at the time the transaction is completed.

Bank Fees

We may charge bank fees by the payment/merchant provider. Certain funding/payment/withdrawal methods may attract these fees. Please refer to the Product and Charges list on our website. Additionally, intermediary banks may impose a fee of which Monex AU is not responsible for.

GST and Other Taxes

You are responsible for any stamp duty (if applicable), transaction duty, GST or similar goods and services or value added tax payable in respect of services provided to you or any transaction made. Fees referred to in the Product and Charges List are generally inclusive of GST where applicable unless expressly stated.

Section 6: Additional Information

Client Monies

We will hold all client money we receive in one or more segregated accounts which we must maintain pursuant to the Corporations Act. Please note that individual client accounts are not separated from each other but will be co-mingled into one segregated account which is separate to Monex AU's corporate monies.

Under the ASIC Client Money Reporting Rules, we are required to comply with various record-keeping, reconciliation and reporting obligations in relation to the retail and sophisticated client money held in the client money trust. Under these rules, we must:

- keep records of retail and sophisticated client money received and retain such records for 7 years;

- perform a daily and monthly reconciliation of the retail and sophisticated client money on our accounts with the actual retail and sophisticated client money held in the client money trust;
- notify ASIC within 5 Business Days if we identify a breach of the ASIC Client Money Reporting Rules or if a discrepancy is identified by the reconciliation;
- lodge with ASIC an annual director's declaration and an external auditor's report on our compliance with the ASIC Client Money Reporting Rules within 4 months of the end of our financial year; and
- establish, implement and maintain policies and procedures designed to ensure our compliance with the ASIC Client Money Reporting Rules.

It is also important to note that holding your money in one or more segregated accounts may not afford you absolute protection. For example, if Monex AU becomes insolvent, merges with other licensees or ceases to carry on some or all of the activities authorised by the licence.

Money withdrawn or deducted from the segregated account in accordance with Reserved Actions (defined below) is not protected. In addition, until your realised and unrealised profits are moved into the segregated account, they are not protected in the same way.

Reserved Actions include:

- If we are required to do so under Applicable Laws, or a special event or circumstance outside our control occurs or is reasonably likely to occur, or we have serious grounds or valid reasons for doing so, we may in our sole discretion take any action, including any Reserved Actions, that is fair and reasonable in the circumstances.
- If we have taken or decide to take any Reserved Action then we will attempt to notify you of this as soon as reasonably practicable, unless Applicable Laws prevents us from doing so. When taking any Reserved Action, we may, in our sole discretion, take into account any prior instructions you have provided to our client management team.

We will not use client money for the purpose of meeting obligations incurred by us when hedging with our licensed third party clearing and execution providers. Any obligation incurred by us in connection with such transactions are funded from our corporate money.

Monex AU's Omnibus Account Policy explains how Monex AU deals with client money. By using Monex AU's services, Monex AU does not pay interest on any balance in your account and you relinquish the right to any interest on the funds deposited in Monex AU's segregated client accounts. Monex AU is entitled to withdraw client money from the segregated account in the circumstances and for the purposes set out in the Corporations Act. Please see the Margin Trading Terms and Conditions for more information on client money.

We typically hold the equity balance displayed in your account, in our client money account. Client money includes:

- Initial Margin; and
- Profits you have won but not withdrawn; and
- Running profits in any open positions; minus
- Losses from past trades; minus
- Running losses accrued against any open positions; minus
- Any fees or other amounts we are entitled to.

In accordance with the Australian Client Money Rules, any money received by us on your behalf in relation to dealing in Margin FX and CFDs must be paid into a segregated trust account on the day it is received by Monex AU, or the next Business Day.

Upon written request from the client for the records about the money we have received from you, on your behalf, or for your benefit, where that money was client money. We will provide you with the records within 5 Business Days (or such longer period as may be agreed in writing).

As Monex AU is the product issuer, you are exposed to the financial and business risks, including credit risk associated with trading with Monex AU. If we become insolvent, we may be unable to meet some of our obligations to you. Refer to Section 4 Counterparty Risk for more information.

In the event that the above occurred, monies (or funds) would be dealt with as follows:

- I. Monies in the segregate account is held on trust for the clients entitled to it, and is payable in the order set out below:
- II. If money in the segregated accounts is invested, the investment is likewise held in trust for each client entitled to money in the account; and
- III. Monies in the segregated accounts would be paid in the following orders:
 - 1) Monies that have been paid into accounts in error;
 - 2) Payment to each client who is entitled to be paid money from the accounts;
 - 3) If there is not enough money in the accounts to be paid according to above, the money in the accounts must be paid in proportion to the amount of each client's entitlement; and
 - 4) If there are monies remaining in the trust accounts after payments made according to the above, the remaining money is payable to Monex AU.

Conflicts of Interest

We do not have any relationships or associations which might influence us in providing you with our Margin FX contracts and CFDs products and services. Monex AU may share fees and charges with our associates or other third parties with respect to your dealing with us. We operate in accordance with our Conflicts of Interest Policy, which is available on request.

In entering into Margin FX Contracts and CFDs, you will be trading directly with Monex AU and not on any financial market. Monex AU acts as principal, and not agent, for our own benefit for all Margin FX Contracts and CFDs it enters with our clients.

You may have been referred to us by an Introducing Broker/third party who may receive financial or non-financial benefits from us. Please note that such benefits will not impact fees or the rates you will be offered for financial products or services undertaken with Monex AU.

Discretion

We have a wide range of discretions under our Margin Trading Terms and Conditions to cancel trades, reverse orders, and undertake other such actions as necessary to implement risk management procedures and protect our legitimate interests.

Dispute Resolution

Monex AU has an internal dispute resolution process in place to resolve any complaints or concerns you may have. Please contact us via:

Telephone: +61 2 9103 9600

Email: complaints@monexsecurities.com.au

If your complaint cannot be resolved at the first point of contact, you should write to:

The Complaints Officer
Monex Securities Australia
Level 11, 300 George Street
Sydney NSW 2000, Australia

Our Complaints Officer will contact you within 2 Business Days acknowledging receipt of your complaint and we will try to resolve your complaint quickly, fairly and, in any event, within 45 days.

If we do not resolve your complaint to your satisfaction, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA), which is an external dispute resolution scheme of which Monex AU is a member (Member Number 24293).

To lodge a complaint with AFCA you should send the necessary documents and information to:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Australia
Phone: 1800 931 678
Fax: +61 (03) 9613 6399
Email: info@afca.org.au

Taxation Considerations

Trading Margin FX contracts 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, taxation law is complex and may vary depending on your personal circumstance and the purpose of your currency trading. Accordingly, you should discuss any taxation questions you may have with your tax adviser before using Monex AU's products and services.

Environmental, Social and Ethical Considerations

Monex Au does not specifically take labour standards or environmental, social or ethical considerations into account in the selection, retention or realisation of Margin FX or CFDs offered to you.

Privacy Policy

Protecting your personal information is of the utmost importance to us. Monex AU has a Privacy Policy in place to provide you with information on the type of personal information that we collect and retain. It also

explains how we handle your personal information in accordance with the Australian Privacy Principles and the Privacy Act. Full details of our Privacy Policy are available on our website: forex.monexsecurities.com.au.

Anti-Money Laundering

We may require further information from you from time to time to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act). By opening an Account and transacting with us, you undertake to provide us with all additional information and assistance that we may reasonably require to comply with the AML/CTF Act.

You also warrant that you are not aware and have no reason to suspect that:

- the monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities whether prohibited under Australian law, international law or convention or by agreement;
- the proceeds of your investment will be used to finance any illegal activities; and

You are not a politically exposed person or organisation as the term is used in the Anti- Money Laundering and Counter Terrorism Rules Instrument 2007 (No. 1).

Superannuation Funds

Complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities. These guidelines and restrictions are contained in the *Superannuation Industry (Supervision) Act 1993*, known as the Superannuation Industry (Supervision) Regulations 1994 and circulars issued by past and present regulators of superannuation funds, including the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office (SIS Law).

Listed below are some issues that should be considered by trustees of complying superannuation funds; these issues are non-exhaustive.

Furthermore, Monex AU does not give any personal financial product advice in relation to your dealings in Margin FX Contracts or CFDs. In giving general advice, we do not take into account your objectives, financial situation or needs. Accordingly, before applying to deal in FX Contracts or CFDs, you must in conjunction with your adviser(s), give consideration to your objectives, financial situation and needs.

We recommend you seek advice from your financial or legal adviser as to the issues that we raise below.

Investment Strategy:

Trustees of complying superannuation funds are required by SIS Law to consider the appropriateness of dealing in Margin FX Contracts and/or CFDs in the context of the fund's whole investment strategy and their fiduciary duties and obligations under the SIS Law and the fund's trust deed.

Risk Management:

Trustees of complying superannuation funds are required by SIS Law to be familiar with the risks involved in dealing in Margin FX Contracts and/or CFDs, and if they decide to deal in such products, must have in

place adequate risk management procedures to manage the risks associated with dealing in Margin FX Contracts and CFDs before doing so.

Terms and Conditions

You are required to read and agree to the Monex AU Margin Trading Terms and Conditions before entering a contract with Monex AU. When you are using our services, you will be bound to Monex AU's Margin Trading Terms and Conditions (as amended from time to time), without notice to you, by communicating such changes on our website.

Foreign Applicants

The distribution of this PDS (electronically or otherwise) in any jurisdiction outside Australia is restricted by law. Persons who come into possession of this PDS should seek advice on and observe any such restrictions. The information in this PDS is not directed at residents in any country or jurisdiction where such distribution or use would be contrary to local law or legislation. Our AFSL authorises us to provide financial services to people in Australia. We comply with the obligations arising from our AFSL in respect of financial services provided to all our customers, including those who reside overseas.

Glossary

Account refers to the Account of the client dealing in the products issued by Monex AU, which is established in accordance with the terms and conditions of the Margin Trading Terms & Conditions

Applicable Laws means the Corporations Act, the Corporations Regulations 2001, or any other rules of a relevant regulatory body, including ASIC or any rules of a relevant market and all other applicable laws, acts, rules and regulations in force from time to time.

ASIC refers to the Australian Securities and investment Commission.

AUD refers to the Australian Dollar.

Base Currency refers to the currency in which your trading account is determined, and also refers to the currency on the left of a quoted trading pair.

Business Day refers to a day (other than a Saturday or Sunday or public holiday) on which trading banks in Sydney, NSW Australia are open for business.

Contract for Difference (CFD) is a leveraged financial instrument that changes in value by reference to fluctuations in the price of an Underlying instrument.

Corporations Act means the *Corporations Act 2001* (Cth).

Currency Pair refers to the value of one named currency relative to another named currency.

ECN means electronic communication network. The nature of this facility is a fast, automatic Order placement and pricing within a competitive market

Electronic Trading Platform means any of the online trading platforms provided by Monex AU for accessing your Account and placing Orders.

EUR refers to the Euro, the official currency of European Union.

FX Contracts refers to Margin FX contracts.

Gap or **Gapping** means a sharp price movement as a result of external factors such as world, political, economic and specific corporate events, which may result in exposure to loss.

GST means goods and services tax.

Initial Margin is the initial deposit required by you before you can trade with Monex AU.

Introducing Broker refers to a broker who introduces clients to Monex AU.

Margin Call A demand for additional funds made to the client by Monex AU to meet any additional margin requirement.

Margin FX is a leveraged financial instrument that changes in value by reference to fluctuations in exchange rates.

OTC means over-the-counter.

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

OTC Derivative means the Margin FX and CFD products issued by Monex AU.

Retail Client means a customer or potential customer of Monex AU who is not a Wholesale Client.

Spread is the difference between bid and ask prices for a particular Underlying Instrument. The Spread is described in the Monex AU FSG which is available on the Monex AU website.

Underlying Instrument means any security, financial product, foreign exchange, cryptocurrency, commodity, index or other item (or any combination of one or more of those) the subject of a Transaction, including a value determined by reference to an index or an index multiplied by an amount of currency, in any jurisdiction, whether or not through an Exchange

USD refers to the United States Dollar.

Wholesale Client has the same meaning as in section 761G of the Corporations Act.