

PRODUCT DISCLOSURE STATEMENT

CONTRACTS FOR DIFFERENCE

Halifax Investment Services Limited

Australian Financial Services Licence No. 225973

Date 25th March 2010

IMPORTANT INFORMATION AND DISCLAIMER

Decisions to enter into transactions involving Contracts for Difference (“CFD”) products are very important. They often have significant risks and consequences. Over the Counter contracts can be highly leveraged and speculative with a high degree of risk. Potential investors should be experienced in CFD products and/or other derivative products or understand and accept the risks of investing in such products. Refer to section 10 for more information about significant risks in trading CFD products.

In preparing this Product Disclosure Statement (“PDS”), we have not considered your personal circumstances. This document only provides a summary of the significant features and risks of CFD products.

Before trading in CFD products, you need to be satisfied that these financial products are appropriate to your financial objectives, situation and needs.

Halifax Investments Services Ltd strongly recommends that before opening an account and beginning to trade that you read this PDS in its entirety and that you understand it. It is your responsibility to ensure that you fully understand the products, how they are traded and the risks involved.

Halifax also recommends that you consider seeking financial, legal, taxation and other professional advice to ensure that you fully understand CFD products and that they are appropriate for you before you begin trading in these products.

To the extent permitted by law, neither Halifax nor its affiliates accepts any responsibility for errors or misstatements, negligent or otherwise, nor for any direct, indirect, consequential or other loss arising from any use of these documents and/or further communication in relation to them.

DO YOU HAVE ALL THE RELEVANT DOCUMENTS?

This PDS is subject to the detailed provisions of the Client Services Agreement and Financial Services Guide (“FSG”). You must ensure you have read and fully understand the Client Services Agreement, the FSG and this PDS.

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PRODUCT DISCLOSURE STATEMENT

1. Introduction

This PDS is dated 28th February 2009 and is issued by Halifax Investment Services Ltd (“Halifax”). Halifax is an unlisted Australian public company (ABN 52 096980522) that holds an Australian Financial Services (“AFS”) Licence issued by the Australian Securities and Investments Commission (“ASIC”) (AFS Licence Number 225973).

Under the *Corporations Act 2001* (Cth) (“Corporations Act”), Halifax is regarded as the issuer of financial products which are derivatives. This PDS has been prepared by Halifax as the issuer of Contracts for Difference (“CFDs”) referred to in this PDS. CFDs are an Over the Counter (“OTC”) derivative product.

The information in this PDS is general information only and does not take into account your personal objectives, financial situation and needs. We also refer you to the detailed provisions of the Client Services Agreement and the FSG. Before making a decision to acquire the financial products described in this PDS you should read this PDS, the FSG and Client Services Agreement and be satisfied that any trading you undertake in relation to those CFD products is appropriate in view of your objectives, financial situation and needs. You can access the FSG and the Client Services Agreement from our website or, by calling Halifax and requesting that a paper copy be provided to you free of charge.

Given that the financial products referred to in this PDS are a sometimes complex area of the financial markets, we have provided a glossary of terms at the end of this PDS (refer to section 26 of this PDS).

2. Terms and Conditions

This PDS and the FSG set out important information about the financial products and are binding on you and Halifax. Additional legal terms governing your dealing with us are set out in:

- your Client Services Agreement with us;
- any supplementary terms for particular financial products;
- any supplementary terms for any electronic Trading Platform which you use.

You will need to execute a Client Services Agreement by completing the application form provided by Halifax. The Client Services Agreement sets out the general legal terms of your dealings with us for the products covered by this PDS and also for dealings not covered by this PDS (such as trading in other financial products offered by Halifax). By opening an account with us you agree to the terms of the Client Services Agreement.

3. The Purpose of this PDS

Under the Corporations Act, a retail client must receive a PDS from an AFS Licensee before acquiring a financial product. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of our financial products. You may also use this PDS to compare the financial products described with similar financial products offered by other issuers i.e. other CFD providers.

This PDS seeks to explain to you about our products in a clear, concise and effective manner. When we use the terms “Halifax”, “we”, “our” or “us” in this PDS, the reference is to Halifax, the issuer of the CFD products. When we use the term “you” we mean you as the applicant for or holder of our CFD products. When we refer to “client” we mean you or another applicant for or holder our CFD products.

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

CFD products are highly leveraged and speculative with a high degree of risk. Potential investors should understand and accept the risks of investing in CFD contracts (i.e. derivative products).

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

If you have any questions in relation to this PDS, please do not hesitate to contact us (our contact details are in section 6 of this PDS).

Halifax is required to give you this PDS because it is the issuer of the financial products described in this PDS.

Other Jurisdictions

The offer to which this PDS relates is available only to persons receiving the PDS in Australia.

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions as failure to do so may constitute a violation of financial services laws. The offer to which this PDS relates is not available to US investors.

4. Changes to this PDS

This PDS replaces all previous versions and is current at the time it was prepared, but is still subject to change from time to time and may be updated on Halifax's website www.halifax.com.au. A copy can be downloaded from our website or, by calling Halifax and requesting that a paper copy be provided to you free of charge. If any new information is materially adverse information, we will issue a new or supplementary PDS with the new information. If the new information is not materially adverse, we may not issue a new PDS or Supplementary PDS but you will be able to find the updated information on our website at www.halifax.com.au or by contacting us. Our contact details are set out in section 6 of this PDS.

5. The Financial Products this PDS Covers

This is a PDS for CFD products offered by Halifax. These are OTC derivative contracts. An OTC product is one that is traded off-market rather than on an exchange such as a stock exchange or futures exchange.

A CFD is an agreement by which you can make a profit or loss from changes in the market price of the Underlying Product of a CFD, usually an ASX traded share or a share listed on an international stock exchange (but also may be a market index), without actually owning that financial product (share) or having any indirect interest in the financial product. Because the value of the CFD is (in part) derived from the value of the Underlying Product, a CFD is a derivative product.

Halifax offers CFD products on:

- (i) Australian and international shares ("Share CFDs") – refer section 11.4.1 for additional details; and
- (ii) Australian and international market indices ("Index CFDs") – refer section 11.4.2 for additional details.

Each transaction which is agreed and entered into with a client will be entered into as principal by Halifax. Halifax makes a market in its CFD products as it regularly states the price at which it is prepared to deal with the client as principal.

6. About Halifax

Halifax is the issuer of this PDS and the issuer of the CFD products referred to in this PDS. In accordance with its AFS Licence, Halifax is authorised by ASIC to advise, deal and make a market to both retail and wholesale clients in derivatives. CFD products are derivatives. Pursuant to its AFS Licence, Halifax is also authorised to provide general and/or personal financial product advice in relation to, and to deal in, the following products for both retail and wholesale clients:

- (i) deposit and payment products limited to basic deposits;
- (ii) interests in managed investment schemes excluding investor directed portfolio services;
- (iii) foreign exchange contracts (and make a market);
- (iv) securities; and
- (v) miscellaneous financial investment products (limited to managed investment warrants).

In making a market in its CFD products, Halifax offers Trading Platforms for clients to trade in its CFD products.

All enquiries to Halifax should be made during business hours to the Operations Manager. Halifax's contact details are:

**Contact Details: The Operations Manager
Halifax Investment Services Ltd
Governor Phillip Tower
Level 40, 1 Farrer Place
Sydney, NSW 2000
Ph: 1300 363 505
Facsimile: 61 2 9241 4331
Email: operations@halifax.com.au
Website: www.halifax.com.au**

7. Purpose of Halifax's CFD products

CFD products are generally used for one of two purposes – hedging or speculating.

CFDs can provide those who deal in the Underlying Product with a facility for managing the risks associated with changing prices for those investments. This strategy is known as hedging.

CFDs are also traded by speculators, who trade in the anticipation of profiting purely from changing prices in the Underlying Product.

Generally, trading CFDs allows you to leverage your positions to take a much greater exposure than if you were to purchase the Underlying Product. Trading in CFDs does however, involve significant risk.

Transactions should only be entered into by traders and investors who understand the nature and extent of their rights, obligations and risks (for more information on risks see section 10 of this PDS).

8. Key Features of CFDs

The key features of CFDs are:

- A CFD product broadly replicates the price movement of the Underlying Security (in the case of Share CFDs) or change in value of an Underlying Index (in the case of Index CFDs) i.e. if the price of the Underlying Product changes, so will the value of the CFD product.
- Share CFDs are a trading solution that provides the opportunity to profit (or incur loss) by dealing in the Underlying Security without having to actually own the Underlying Security.
- Unlike contracts traded on an exchange, OTC products are not standardised. The terms of a CFD are individually tailored to the particular requirements of the parties involved in the contract i.e. Halifax and the client.
- In the case of Share CFDs, you have no right or obligation to acquire the Underlying Security itself. This is unlike trading in the Underlying Security where you acquire a beneficial interest in the actual share. As the holder of a Share CFD, you do not have a beneficial interest in the Underlying Security and you have none of the rights of a shareholder, such as voting rights. You are also not entitled to dividends or other distributions which may be paid in respect of the Underlying Security (in the case of Share CFDs). However, certain cash adjustments may be made to your account (for more information see sections 11.6 to 11.8 of this PDS).

- CFDs are OTC derivative products with Halifax acting as counterparty (and principal) in its dealings with you. It is a transaction between you and Halifax and can only be entered into with Halifax and Closed Out with Halifax. It is not possible to Close Out the CFD with any other party.
- CFDs are subject to Margin Requirements and marked to market on a daily basis (for more information see section 12 of this PDS).
- CFDs do not have an expiry date and will remain in place until either you or, in its discretion, Halifax, Close Out the open position.

Other features of CFDs are described as follows:

8.1. Quotes

A CFD quote e.g. where one ANZ share is the Underlying Product, the CFD may be quoted as "14.70/14.71". This represents the bid/ask spread. This quote means that you can:

- (a) buy the CFD at 14.71; and/or
- (b) sell the CFD at 14.70.

8.2. You can take both long and short positions

You can take both "long" and "short" CFD positions. If you take a long position (i.e. purchase CFDs), you profit from a rise in the price of the Underlying Product, and you lose if the price of the Underlying Product falls. Conversely, if you take a short position (i.e. sell CFDs), you profit from a fall in the price of the Underlying Product and lose if the Underlying Product's price rises.

As well as dealing Share CFDs, you can also deal CFDs on many world indices which are referred to as Index CFDs. The same principle applies – you will go short if you think the market index is going to fall, or go long if you think the index is going to rise. This can be useful if you want to follow a specific market trend rather than individual shares.

CFDs also allow investors to take long or short positions with investors being able to deposit funds (Initial Margin) and to cover all net debit adverse market movements by making additional payments of a Variation Margin or alternatively by Closing Out positions (refer to sections 12 and 13 for further information).

8.3. Calculating profits and/or losses

The amount of any profit or loss made on the CFD will be equal to the difference between the price or value of the CFD's Underlying Product when the CFD is opened and the price or value of the CFD's Underlying Product when the CFD is Closed Out, multiplied by the number of the CFDs held. The calculation of profit or loss is also affected by other payments, including payments relating to dividends declared in relation to the Underlying Security, funding charge, transaction costs and any other charges (for more information on costs and charges see section 18 of this PDS).

Example 1:

Assume 1000 Share CFDs were purchased where the Underlying Security was an ANZ share whereby you bought the CFDs at a price of \$22.71 and later sold the CFDs at a higher price of \$23.31 and Closed Out against the bought open position. The resulting gross profit would be \$600 being:

Sale price (\$23.31) less buy price (\$22.71) x 1000.

The net profit is determined after deducting funding charge, transaction costs and any other charges. The impact of fees on the net profit realised will be dependent on many factors and in particular, the length of time the open position was held as the funding charge is a daily charge (for more information on costs and charges see section 18 of this PDS and we also refer you to the various trading examples which can be found on our website at www.halifax.com.au).

Example 2:

Assume 1000 Share CFDs were purchased where the Underlying Security was an ANZ share whereby you bought the CFDs at a price of \$22.71 and later sold the CFDs at a lower price of \$22.01 and Closed Out against the bought open position. The resulting gross loss would be \$700 being:

Sale price (\$22.01) less buy price (\$22.71) x 1000.

The total loss is determined after adding funding charge, transaction costs and any other charges. The impact of fees on the total loss realised will be dependent on many factors and in particular, the length of time the open position was held as the funding charge is a daily charge (for more information on costs and charges see section 18 of this PDS and we also refer you to the various trading examples which can be found on our website at www.halifax.com.au).

8.4. Realised and unrealised profits and losses

Profits and/or losses are realised if both the buy and the sell side of the transaction have been completed and have been matched against each other or Closed Out. Profits and/or losses are unrealised if only one side of the transaction has been completed i.e. it remains an open position.

In other words, if you do not instruct the Trading Platform to match selected trades against previous trades then it will default to matching trades on a First In First Out ("FIFO") basis. This will result in the transactions remaining open and only being matched at settlement date. This may result in additional interest being generated whilst awaiting settlement (as opposed to being matched and Closed Out immediately where no additional fees will be incurred).

For a worked example of how an open position is Closed Out we refer you to the trading examples on our website at www.halifax.com.au. Alternatively, please contact a representative of Halifax to assist you in understanding the importance of and how to match and close out trades.

9. Key Benefits

CFDs provide a number of benefits which must, of course, be weighed against the risks of using them. These advantages include:

- **Ability to use CFDs to hedge** – You can use CFDs to hedge your exposure to the Underlying Product.
- **Ability to use CFDs to speculate** – You can use CFDs for speculation, with a view to profiting from market fluctuations in the Underlying Product. You may take a view of a particular Underlying Product and therefore invest in our CFD products according to this belief in anticipation of making a profit. CFDs enable you to take a position with an exposure to a particular Underlying Product without needing to buy or sell the actual Underlying Product.
- **Tailored** – A major benefit of entering into an OTC contract (such as a CFD offered by Halifax) is that you can tailor the transaction to meet your specific circumstances. As described in section 8 of this PDS, unlike exchange traded products, OTC contracts are not standardised and can be personally tailored to suit your requirements. For example, Halifax allows you to enter into CFDs in small amounts whereas exchange traded products have a minimum transaction size based on a dollar value.

- **Profit potential in both rising and falling markets**

– Since the prices in the Underlying Products are constantly moving, there are always trading opportunities, whether a particular Underlying Product is increasing or decreasing. There is the potential for profit (and loss) in both rising and falling markets depending on the strategy you employ.

- **Leverage** – The use of CFDs involves a high degree of leverage. These products enable a user to outlay a relatively small amount (in the form of the Initial Margin) to secure an exposure to the Underlying Product without having to pay the full price of, for example, holding the Underlying Security. You can effectively take a position with the same results as you would get from purchasing or selling the shares, but for less initial outlay than the equivalent physical transaction and still potentially benefit from a price move. However, if the price move is unfavourable, then the use of leverage makes it possible that you will lose more than the Initial Margin.

Accordingly, leverage gives the user the ability to take a greater level of risk for a smaller initial outlay, thus amplifying the risks and rewards. However, you need to fully understand that leverage also increases risks and can magnify losses – see section 10 – *Significant Risks* and, in particular, the paragraph entitled “Leverage” in section 10.2.

The use of leverage can lead to large losses as well as large gains. For example, if you have a positive view about the prospects of a company, say XYZ, you could either buy 10,000 shares of XYZ at \$1.00 and pay your stock broker \$10,000 (plus costs) or you could buy 10,000 Share CFDs from Halifax (where the Underlying Security is XYZ shares) and lodge an Initial Margin (depending on the particular company) of somewhere between \$500 and \$2,500 (plus costs). For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the Underlying Securities without the need to invest in the physical shares.

- **Strategies** – Strategies may be complex and will have different levels of risk associated with each strategy. Please contact representative of Halifax to assist you in different trading strategies available to you. We can assist you by providing general advice which will be generic in nature and will not take into consideration one or more of your objectives, financial situation or needs.

10. Significant risks

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

Halifax has a risk management framework within the software supporting the Trading Platforms which, assuming you meet all of your obligations to us (as fully set out in the Client Services Agreement), attempts to limit your potential loss to the amount in your account. However, at all times, if you have open positions with us your potential loss can be substantial and is not limited to any amount.

Halifax 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. For more information on stop loss orders and other order types, you are referred to Annexure A of this PDS).

The following is a description of the significant risks associated with trading CFD products offered by Halifax.

10.1. Risks associated with Derivatives

Derivative markets can be highly volatile. Accordingly, the risk of loss in trading in derivatives contracts can be substantial. You should carefully consider whether trading is appropriate for you in light of your personal and financial circumstances. In deciding whether or not you will become involved in trading, you should be aware of the following matters:

- You could sustain a total loss of the amount that you deposit with Halifax to establish or maintain a contract. Your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have deposited with us. In this situation Halifax will require those funds to be paid immediately.
- If the market moves against your position, you will be required to deposit additional funds in order to maintain your position i.e. to ‘top up’ your account (refer to section 12 of this PDS). Those additional funds may be substantial. If you fail to provide those additional funds immediately, Halifax may Close Out some or all of your open positions. You will also be liable for any shortfall resulting from that closure.
- Under certain market conditions, it could become difficult or impossible for you to manage the risk of open positions by entering into opposite positions in another contract or Close Out existing positions (refer section 10.2 of this PDS under the heading “Market Risk”).

- Under certain market conditions the prices of our CFD products may not maintain their usual relationship with the Underlying Product.
- The CFD products offered by Halifax involve risk. However, the placing of contingent orders such as a stop loss order may potentially limit your loss. A stop loss order shall be executed at or near the price or value requested by you, but is not guaranteed at the exact level. Accordingly, stop loss orders may not limit your losses to the exact amount you specified. A transaction of this nature shall be executed as soon as the price or value of the Underlying Product reaches or goes through the price or value given by you.
- As noted in section 10.2 of this PDS, a high degree of leverage is obtainable in trading the CFD products offered by Halifax because of the small Initial Margin requirements which can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. The impact of leverage is that even a slight fluctuation in the price or value of the Underlying Product could mean substantial gains when these fluctuations are in your favour, but could also mean considerable losses if the fluctuations are to your detriment. Trading in CFDs offered by Halifax may result in the total loss of the amount you deposited with Halifax plus you may be liable for further losses.
- **Substantial losses** – Despite trying to Close Out open positions, your loss on a transaction could be very substantial. Stop loss orders are instructions placed by the client with Halifax to Close Out an open position if a market trades at or through a specific level. Stop loss orders are often used to attempt to limit or minimise the amount which can be lost on an open position. Stop loss orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order. The operation of stop loss orders should be discussed with a representative of Halifax.
- **Payment of Variation Margin** – If the price or value of the Underlying Product moves against your CFD position, you will be required to have sufficient funds on deposit with us to meet Margin Calls in order to maintain your position. The amount of the Variation Margin may be substantial. If you fail to satisfy a Margin Call immediately, your position may be Closed Out at a loss and you will be liable for any shortfall in your account resulting from that failure. Positions are marked to market on a real time daily basis, with payments being settled in real time to account for market movements (for more information about Margin Obligations see section 12 of this PDS). If the amount available in your account is less than the amount of the Margin Requirement to enter a new or maintain a CFD position, Halifax reserves the right to Close Out some or all of your open positions in order to reduce our exposure. The risk of abrupt adverse changes in the price or value of the Underlying Product is even greater in circumstances where there is an increase in market volatility. Traditionally, volatility can increase significantly as a result of unexpected news or unknown data being released such as terrorist attacks, acts of god, or financial market collapse.

10.2. General Risks

- **Client monies** – Funds deposited with Halifax are deposited into our client trust account. Notwithstanding, your funds are at risk in the event of another client default as individual client funds are not separated from each other. We refer you to section 17.1 of this PDS for additional information. In addition, Halifax may use the client funds in its client trust accounts to manage its dealings with its hedging counterparties (for more information about the use of client monies see section 17 of this PDS).
- **Market risk** – Financial markets such as stock markets can change rapidly due to external market forces. Share prices (on which the value of Share CFDs are based) depend on a number of factors including for example, interest rates, demand and supply, actions by the company concerned and potentially, the actions of governments. In some cases, shares may be suspended from trading or have their quotation withdrawn from the exchange where they are traded. This will directly affect a Share CFD position. Fluctuations in share indices, and thus Index CFDs, are a direct result of the fluctuating prices of the underlying shares which comprise the relevant index. This will directly affect an Index CFD position. Given the potential levels of volatility in the markets, it is therefore recommended that you closely monitor your open positions at all times.
- **Co-mingling of client monies**
Funds paid to Halifax by you are first deposited into a client trust account maintained by Halifax. This means that client funds (and property) deposited with us are held in safe keeping and segregated from our own funds (or property). Client monies are held, used and withdrawn in accordance with the Corporations Act, this PDS and our Client Services Agreement. This means that those funds are not available to pay general creditors in the event of receivership or liquidation by Halifax.
For money deposited in our client trust accounts, you should be aware that individual client accounts are not separated from each other and all clients' funds are co-mingled into the one client trust account.

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Generally, you should also be aware that the client money provisions of the Corporations Act 2001 may not insulate any individual client's funds from a default in a client trust account if such a default were to occur. Such a default may arise from trading by any client or clients i.e. by a client failing to pay for all losses incurred on their account. We also refer you to Section 17.1 for additional detail.

- **Not a regulated market** – The CFD products offered by Halifax are OTC derivatives and are not covered by the protections for exchange-traded derivatives arising from any domestic or international exchange rules (such as guarantee or compensation funds).
- **Notifications are via the electronic platform that you use** – If you do not actively monitor your open positions via the Trading Platform, you may not be aware when some or all of your open positions are Closed Out.
- **Counterparty risk** – Given you are dealing with Halifax as counterparty to every transaction, you will have an exposure to us in relation to each of those transactions. This is common to all OTC financial market products. You can assess Halifax's financial ability to meet its counterparty obligations by reviewing its financial accounts. Should you wish to be provided with a copy of the most recent audited financial accounts of Halifax then please request this Information directly from us and we will provide it free of charge.

You are reliant on Halifax's ability to meet its counterparty obligations to you to settle the relevant contract. If Halifax were to become insolvent, then we may be unable to meet our obligations to you in full or at all. Halifax limits this exposure by entering into opposite transactions as principal in the wholesale market with its hedging counterparties in relation to its exposures to its clients i.e. we hold back to back positions (with you as one counterparty and with a hedging counterparty as the other counterparty). It is possible that a hedging counterparty may become insolvent while controlling client money. Therefore any funds paid by clients to Halifax may not be protected if there is a default in the overall client trust account. Refer to the paragraph titled Clients' Money in section 17 of this PDS for further information.

- **Leverage** – The high degree of gearing or leverage associated with CFDs because of small Initial Margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. CFDs offer the potential to make a higher return from a smaller outlay than for a non-leveraged transaction such as direct share investing. Whilst the initial outlay of capital may be small relative to the total position value, a small market movement still has the potential to have a proportionately larger impact on the amount of funds supporting the position. Leverage can therefore work both for and against you by magnifying profits and losses.
- **Order Acceptance Risk** – When you request to place an order (i.e. instruction to open or Close Out a transaction), Halifax has an absolute discretion whether or not to accept and execute any such request. Halifax's discretion includes, but is not limited to, 'Stop Loss orders', 'Market orders', 'Market-on-Open orders', 'Stop Entry orders', 'One cancels the other orders', 'If Done orders' and any other order type established and defined on the relevant Trading Platform from time to time. Halifax's rights to refuse your request to receive/place an order (to establish a new position or amend an existing open position) are set out in full at section 4 of the Client Services Agreement. You should refer to these paragraphs for the circumstances in which Halifax may exercise its discretion not to accept your order and to section 1 of Annexure A of this PDS for further information. The effect of Halifax's discretion is that an order you give may not be executed and you may suffer loss (including actual loss or lost opportunity) as a result. Halifax is not responsible for any such loss.
- **Liquidity** – Under certain conditions, it may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the price or value of the Underlying Product over a short period of time.
- **Use and Access to the Website** – You are responsible for providing and maintaining the means by which to access a Trading Platform, which may include without limitation a personal computer, modem and telephone or other access line. While the internet and the World Wide Web are generally reliable, technical problems or other conditions may delay or prevent access. If you are unable to access the internet and thus, the Trading Platform, it will mean you may be unable to trade in the CFD product offered by Halifax and you may suffer a profit or loss as a result.

Contracts for Difference

Furthermore, in unforeseen and extreme market situations, Halifax reserves the right to suspend the operation of our online Trading Platform or any part of it. We will however, endeavour to contact you beforehand in this regard. In such an event, Halifax may, at its sole discretion (with or without notice), Close Out your open positions at prices or values it considers fair and reasonable at such a time. Halifax may impose volume limits on client accounts, at its sole discretion. This could occur if you placed an order and Halifax deemed the size of the order to have an excessive impact on the risk profile that Halifax was prepared to take. If you require further clarification please contact the Operations Manager of Halifax for additional explanation.

- **Electronic Trading Platforms** – You should be aware that there are a number of risks associated with using internet-based Trading Platforms. Such risks include, but are not limited to, risks related to the use of software and/or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

These risks and the occurrence of disruptive events are outside the control of Halifax and, accordingly, you will have no recourse against Halifax in relation to the use of or availability of our Trading Platforms or any errors in the software and/or related information systems.

There are important provisions regarding the use of the Trading Platforms contained in the Client Services Agreement. You must ensure that you fully understand these provisions and the risks involved in relying on an on-line, electronic trading system and the limitations in the service that Halifax can provide in relation to the Trading Platforms.

Halifax relies on a number of technology solutions to provide you with its online Trading Platforms. Halifax has outsourced the operation of its Trading Platforms to various third parties, and in doing so has relied on these third parties to ensure the systems are regularly updated and maintained. Halifax has been operating various Trading Platforms since 2005. Additional Trading Platforms may be offered from time to time at the discretion of Halifax. Trading on the Halifax Trading Platforms may differ from trading on electronic trading systems offered by other providers.

A disruption to the Halifax Trading Platforms could mean you are unable to trade in a CFD product offered by Halifax and that you may suffer a financial loss or an opportunity loss as a result.

In most cases, orders can be placed using any of the Trading Platforms we provide, however there may be certain circumstances that could restrict order entry. Some examples of these include:

1. Order size – this could occur if you were trading and Halifax deemed the size of your order to be potentially adverse to the risk profile that Halifax was prepared to take.
2. Product type – this could occur if the Underlying Product was illiquid.
3. Availability – this could occur as a result of the Trading Platform server or connectivity being down or inoperative.
4. Order type – this could occur if Halifax deemed that the order was placed outside the current fair value of the Underlying Product in an attempt to protect you from error.

Please note that if you attempt to contact Halifax by phone to execute an order when the same order could have been placed through the Trading Platform i.e. the Trading Platform is available but for some reason you choose to place the order by phone, you may incur an additional fee. This fee will not be any more than the maximum fee Halifax charges (refer to section 18 of this PDS). However, this fee will not be charged if you are placing the phone order due to a disruption to the Halifax Trading Platforms which results in you not being able to place an order through the Trading Platforms.

- **Systems Risk** – Halifax is not responsible for any external disruptions such as your computer and internet service not being operational.
- **Foreign Exchange Risk** – Halifax is not responsible for exchange rate movements where you trade in a CFD based on an Underlying Product priced in a currency other than your account currency. Your profit or loss will be determined by movements in the price of the Underlying Product and also by the impact of movements in the exchange rate.

Your account is always maintained in a specific currency (which you nominate), for example AUD. You will instruct us what you want this currency to be. All Margin Requirements, profits, losses and all other variables (such as fees) will be debited or credited to your account in the nominated account currency (in this example, AUD) at the prevailing exchange rate (plus a conversion fee (refer Section 18.5 for additional details).

If you transact in a CFD where the Underlying Product is denominated in a currency other than the account currency (e.g. a share traded on the New York Stock Exchange is priced in USD), all Margin Requirements, profits and losses will be converted from USD to the account currency. If you hold an open position and the exchange rate when you Close

Out the open position is different from the exchange rate at the time you entered the position, this will impact on the ultimate profit or loss that is realised.

- **Transactions are not Transferable** – As each CFD product you enter into with us is a transaction between you and Halifax and is not traded on an exchange or market, you will not be able to transfer or assign the CFD product to any other person.
- **Exercise of Halifax Discretion to Close Out** – Halifax has absolute discretion to Close Out a client's open position and at prices it determines (refer Section 13). The effect of Halifax exercising its discretion is that Halifax may Close Out your open position and you may suffer loss as a result (including actual loss or lost opportunity if the price improves from the price the open position was Closed Out). Halifax is not responsible for any such loss.
- **Trading Platform Closed** – Due to the dynamic nature of the CFD products and the Underlying Products, it is possible that the value of your open positions will change while the trading function of one or more of our Trading Platforms is closed. In this case, you will not be able to trade in a CFD product offered by Halifax such as open a new transaction or Close Out an open transaction until the trading function of the Trading Platform re-opens. You may suffer a financial loss or opportunity loss as a result.

11. CFDs

11.1. What is a CFD?

A CFD is a financial product which is essentially an agreement between you and Halifax to trade the difference arising from movements in the price or value of an Underlying Product. An Underlying Product may be an Underlying Security (in the case of Share CFDs) or a market index (in the case of Index CFDs).

A CFD is an OTC product and not an exchange traded financial product.

CFDs are OTC derivative products. CFDs have no fixed expiry dates, are not standardised contracts and have no fixed contract size. As a party to a CFD, you can be paid an amount of money (profit), or be required to pay an amount of money (loss) arising from movements in the price or value of the Underlying Product. Therefore, CFDs are cash adjusted between you and Halifax. CFD products will always be Closed Out with your account either credited or debited according to the profit or loss of the trade.

Trading CFDs does not result in the ownership by you of any actual Underlying Security and you will have none of the rights of an owner in the Underlying Security.

11.2. The Capacity in which we act

As previously described in section 5 of this PDS, when trading CFD products with Halifax you are dealing with Halifax as principal. This is a counterparty relationship. Therefore, the details of each transaction are negotiated between you and Halifax. This means that any positions you choose to open with Halifax can only be Closed Out with Halifax. In addition, (as mentioned in section 6) Halifax is the issuer of the CFD products covered by this PDS.

11.3. Two models for determining the price or value quoted by Halifax of a CFD

There are two models or ways of trading CFDs with Halifax. The first is via what is commonly known as, or commonly referred to as, the Direct Market Access ("DMA") model. The second is via what is commonly known as, or commonly referred to as, the Market Made model. You can elect to use either model. New clients of Halifax that do not have a preference will be provided access to the DMA model.

11.3.1. The DMA model

Where a CFD provider adopts the DMA model it means that all CFD quotes made by Halifax are the same as the price or value of the Underlying Product on the relevant exchange i.e. no spread is applied by Halifax to prices or values of Halifax CFDs. The spread is the difference between the bid price and the offer price. For example, if BHP is quoted on the ASX as 24.20/24.22, then the price Halifax will quote for CFDs using the DMA model will be the same i.e. 24.20/24.22.

11.3.2. The Market Made model

Where a CFD provider adopts the Market Made model it means that all CFD quotes made by Halifax are with direct reference to the price or value of the Underlying Product on the relevant exchange but an additional spread is applied by Halifax to prices or values of Halifax CFDs. For example, if BHP is quoted on the ASX as 24.20/24.22, then the price Halifax will quote for CFDs using the Market Made model could be as wide as 24.19/24.23.

11.3.3. The fundamental difference between the DMA and Market Made models

Halifax earns its income from the volume of CFD products you trade. The fundamental difference between DMA and Market Made models is the way in which Halifax charges its commission to you. Under the Market Made model, additional commission is charged. All other features of CFDs, including the benefits and the associated risks are the same under each model.

Using the DMA model, Halifax charges commission for entering into the transaction with you. This is a percentage of the value of the CFD with a fixed minimum charge (for more information on commissions see section 18.1 of this PDS).

Using the Market Made model, the commission is the same as the DMA model plus an additional amount of up to 0.05% of the value of the CFD. Therefore, as Halifax widens the spread under the Market Made model (compared to the DMA model), Halifax would make money from increasing the price you pay for the CFD and would make money from decreasing the price you sell the CFD. Consequently, this is considered commission that you pay to Halifax for executing the trade.

The result is that in most cases you may pay more in commission using the Market Made model than if you were to trade via the DMA model (for more information on commissions see section 18.1 of this PDS and section 4 of the FSG).

11.4. Types of CFDs

Halifax offers both Share CFDs and Index CFDs.

11.4.1. Share CFDs

Share CFDs derive their price from the real time fluctuations of the price of the Underlying Security on the relevant exchange or market.

Prices are only quoted for Share CFDs and can only be traded during the open market hours of the relevant exchange on which the Underlying Security is traded. Open hours of the relevant exchanges are available by viewing the relevant exchange website (for more information of the relevant exchanges see section 11.5 of this PDS). In addition, Halifax will not quote on a particular Underlying Security if that Underlying Security is illiquid or in suspension (for more information on potential external disruptions see section 10 of this PDS). Furthermore, Halifax will not quote Share CFDs where the Share CFD is over shares in a company which becomes externally administered.

Share CFDs allow you to receive many of the benefits of owning the Underlying Security on which the CFD is based without physically owning it (for more information on benefits of trading in CFDs see section 9 of this PDS). Halifax does not offer all publicly exchange traded Australian and global stocks as Underlying

Securities. However, there are thousands of Share CFDs provided by Halifax. For more information on which Share CFDs Halifax provides quotes, please download a demonstration Trading Platform located on the Halifax website www.halifax.com.au or contact Halifax.

Share CFDs are valued based on the price of the Underlying Security. For example, if you bought 1000 Share CFDs and the price of the Underlying Security was quoted as 25.70/25.71 then the Share CFDs would have a value of \$25,710 (being 25.71 x 1000).

11.4.2. Index CFDs

Index CFDs derive their price or value from the real time fluctuations in the value of an Underlying Index as calculated by the relevant exchange or Halifax's valuation of that Underlying Index.

Similar to Share CFDs, prices are only quoted for Index CFDs and can only be traded during the open market hours of the relevant exchange on which the Underlying Index is determined. Open hours of the relevant exchanges are available by viewing the relevant exchange website (for more information of the relevant exchanges see section 11.5 of this PDS).

Index CFDs allow you to trade anticipated market trends rather than individual shares.

Halifax offers Index CFDs on 16 major market indices. These market indices are:

- | | |
|-----|-------------------------------|
| 1. | S&P 500 Index |
| 2. | NASDAQ 100 Stock Index |
| 3. | Dow Jones Industrial Average |
| 4. | FTSE 100 Index |
| 5. | DAX@30 Performance Index |
| 6. | CAC 40 Index |
| 7. | Dow Jones Euro STOXX 50 Index |
| 8. | Swiss Market Index |
| 9. | ASX S&P 200 Index |
| 10. | Nikkei 225 |
| 11. | OMX Stockholm 30 Index |
| 12. | IBEX |
| 13. | Denmark top 20 |
| 14. | S&P MIB 40 |
| 15. | MDAX® Index |
| 16. | AEX 25 |

Index CFDs are valued based on the number of units per index point of the Underlying Index. For example, if the ASX S&P 200 is valued at 3500 then trading 10 Index CFDs would mean the value of the trade was \$35,000.

PRODUCT DISCLOSURE STATEMENT

11.5. Relevant exchanges and associated websites

The Underlying Securities upon which Share CFDs offered by Halifax are based are listed on the following exchanges. We also provide details of each exchange website for your reference and information:

Region	Exchange Name	Exchange web site
North America	American Stock Exchange (AMEX) *	www.amex.com
North America	NASDAQ Global Markets (NASDAQ NM)	www.nasdaq.com
North America	NASDAQ Capital Market (NASDAQ SC)	www.nasdaq.com
North America	New York Stock Exchange (NYSE)	www.nyse.com
North America	NYSE ARCA (NYSE_ARCA)	www.nyse.com
Europe	Athens Stock Exchange (AT)	www.ase.gr
Europe	Euronext Amsterdam (AMS)	www.euronext.com
Europe	Euronext Brussels (BRU)	www.euronext.com
Europe	Euronext Lisbon (LISB)	www.euronext.com
Europe	Euronext Paris (PAR)	www.euronext.com
Europe	Frankfurt Stock Exchange – Xetra (FSE)	deutsche-boerse.com
Europe	London Stock Exchange (LSE)	www.londonstockexchange.com
Europe	Milano Stock Exchange (MIL)	www.borsaitaliana.it
Europe	OMX Copenhagen (CSE)	www.omxnordicexchange.com
Europe	OMX Helsinki (HSE)	www.omxnordicexchange.com
Europe	OMX Stockholm (SSE)	www.omxnordicexchange.com
Europe	Oslo Stock Exchange (OSE)	www.oslobors.no
Europe	Sistema De Interconexion Bursatil Espanol (SIBE)	www.sbolsas.es
Europe	Swiss Exchange (SWX)	www.six-swiss-exchange.com
Europe	Vienna Stock Exchange (VIE)	en.wienerbourse.at
Europe	Warsaw Stock Exchange (WSE)	
Asia Pacific	Australian Stock Exchange Ltd. (ASX)	www.asx.com.au
Asia Pacific	Hong Kong Stock Exchange (HKEX) **	www.hkex.com.hk
Asia Pacific	Singapore Exchange Securities Trading Limited (SGX-ST)	www.ses.com.sg
Asia Pacific	Tokyo Stock Exchange (TYO)	www.tse.or.jp

Contracts for Difference

11.6. Share CFDs – Dividends

Where you hold a long (bought) CFD position, Halifax will credit your account with an amount equal to the gross dividend on the relevant number of the CFD's Underlying Securities on the business day after the ex-dividend date. You are not entitled to any dividend imputation credits. Conversely, if you hold a short (sold) CFD, your account will be debited an amount equal to the gross dividend on the CFD's Underlying Securities on the ex-dividend date.

11.7. Share CFDs – Corporate Actions

Any adjustment with respect to corporate actions with respect to the Underlying Security on which the CFD is based will be generally be made to your CFD position. For example, an adjustment will ordinarily be made for subdivisions, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues and other similar events.

11.8. Share CFDs – Adjustments

Halifax has the right to decide to make an adjustment (as described in section 11.6 and 11.7 above) in any circumstance if Halifax considers an adjustment is appropriate. Halifax has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred. Halifax may elect to Close Out a position if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Therefore, Halifax has the right to decide to make an adjustment in any circumstance where Halifax considers an adjustment is appropriate. Halifax's discretion in this regard will be exercised reasonably in an effort to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

Halifax may elect to Close Out a position where an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. Halifax may also elect to Close Out a CFD, if the Underlying Security is the subject of a takeover offer, prior to the closing date of the offer.

Halifax has proprietary risk models in place that may mean it may Close Out a position with no obligation to consult you about adjustments.

12. Margin obligations

CFD products are subject to margin obligations i.e. clients must deposit funds for security/margining purposes. Accordingly, you are responsible to meet all margin payments required by Halifax.

12.1. Types of Margin

There are two components of the Margin Requirement which you may be required to pay in connection with CFD products, namely Initial Margin and Variation Margin.

Initial Margin

When you enter or open a CFD, and while that transaction remains open, you will be required to pay Halifax the Initial Margin. This amount represents collateral for your exposure under the transaction and covers the risk to Halifax.

Such payments are not costs, but are cleared funds required by Halifax to cover its risk and as security for your obligations.

Depending on the CFD traded and the market volatility, the Initial Margin will typically be between 1% and 30% of the face value or contract value of the CFD Contract. However, it is not uncommon for Initial Margins to be above this range. The percentage requirement may change at any time and at the discretion of Halifax and you should refer to the Initial Margin schedule on the relevant Trading Platform to confirm the actual percentage requirement for your proposed transaction at any particular time.

The full value of the Initial Margin is payable to Halifax immediately upon entering the CFD contract. This means that sufficient cleared funds must be deposited in your account with Halifax before you can trade.

Variation Margin

Variation Margin is determined by reference to the market value of the Underlying Product at the close of business each day. In other words, each contract is effectively marked to market on at least a daily basis. "Marked to market" means that an open position is revalued on a daily basis to the current market price. The difference between the current day's valuation compared to the previous day's valuation is the amount which is debited (in the case of unrealised losses) or credited (in the case of unrealised profits) to your account. The valuations are calculated using the closing price or closing value (at the close of trading on each day) of the Underlying Product as determined by the relevant exchange or Halifax's valuation of that Underlying Product.

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As the face value of your CFD will constantly change due to changing price or value of the Underlying Product, the amount required to maintain the open positions will also constantly change. This is also commonly referred to as Variation Margin. The amount of your Margin Requirements (being the Initial Margin and any adverse Variation Margin) at any one time will be displayed on the open positions report made available through the Trading Platform.

Thus, any adverse price movements in the market must be covered by further payments from you. Halifax will also credit Variation Margin to you when a position moves in your favour.

The Variation Margin is therefore the unrealised profit or loss on your open position which is equal to the dollar value movement when compared against the current market value. The current market value refers to the last traded price on the relevant exchange or the closing quotation on some other date.

We will provide you with notice of the Variation Margin by making a Margin Call (via 'pop-up' screens on the Trading Platform. Refer to section 12.2 of this PDS for additional information regarding notifications of Margin Requirements).

We note that Margin Calls are made on a net account basis i.e. should you have several open positions with respect to a particular Trading Platform, then Margin Calls are netted across the group of open positions. In other words, the unrealised profits of one transaction can be used or applied as Initial Margin or Variation Margin for another transaction.

12.2. Notifications regarding Margin Requirements

Margin Calls will be notified to you using 'pop-up' screens on the Trading Platform, and you are required to log into the system regularly when you have open positions to ensure you receive notification of any Margin Calls.

We refer you to our website at www.halifax.com.au which provides samples of various 'pop-up' screens which are part of the functionality of the various Trading Platforms and in particular refer you to the sample notification of margin usage.

It is **your responsibility to actively monitor and manage your** open positions and your obligations, including ensuring that you meet your Margin Requirements. It is also your responsibility to ensure you are aware of any changes in the Margin Requirements. Halifax is under no obligation to contact you in the event of any change to the Margin Requirements or any actual or potential shortfalls in your account.

12.3. Failing to meet a Margin Call

If you do not meet Margin Calls immediately, some or all of your positions may be Closed Out by Halifax without further reference to you.

Halifax will automatically, without requiring further instruction from you, apply funds that you have deposited with Halifax to meet your Margin Requirements. For this reason, you must ensure that you have sufficient funds cleared funds on deposit with Halifax to meet your changing Margin Requirements i.e. monies in addition to meeting the Margin Requirements as a buffer against adverse Variation Margins arising.

Please be aware that if your account balance is not sufficient to meet your Margin Requirements and you have not met a Margin Call, the Trading Platform may Close Out some or all of your open positions at the risk of generating a loss which is greater than the value of your account. Please note that this could be immediate if certain global events occur (for more information about risks see section 10 of this PDS).

IMPORTANT: If you fail to meet any Margin Call, then Halifax may in its absolute discretion and without creating an obligation to do so, Close Out, without notice, all or some of your open positions and deduct the resulting realised loss from the Initial Margin value (and any other excess funds held in your account with Halifax). Any losses resulting from Halifax Closing Out your position will be debited to your account and may require you to provide additional funds to Halifax.

12.4. How Margin Calls are to be met

When we make a Margin Call you must deposit the amount of funds that we request into our nominated client trust account. All funds received from clients are held, used and withdrawn in accordance with the Corporations Act requirements and our Client Services Agreement. All interest that may accrue on the client trust account is kept by Halifax.

Margin Calls must generally be met immediately. This means that sufficient cleared funds must be deposited in your account with Halifax in addition to meeting the Margin Requirements as a buffer against adverse Variation Margins arising and thus enable you to meet Margin Calls immediately.

12.5. How to deposit money with Halifax

You will only be permitted to deal in and maintain open transactions on the basis of cleared funds being provided to meet your Margin Requirements. It is your responsibility to provide the funds for your margin obligations on time. You should bear in mind accepted Australian banking practice in relation to fund transfers or deposits from other financial institutions, which typically require 3 business days clearance for personal cheques and 1 business days clearance for direct deposits (depending on the timing of your transfer). Any delay in crediting your Margin Requirements is at your risk.

In practical terms, you also need to know and prepare yourself for the methods of depositing money in response to a Margin Call as this may determine if some or all of your open positions are Closed Out (for more information about when a CFD may be Closed Out see section 13 of this PDS).

Some of the methods for depositing money in response to a Margin Call that can be used by you are:

- **Real Time Gross Settlement (RTGS)** – This is an immediate transfer of cleared funds which may or may not be available at the institution that you bank with.
- **Electronic Transfer of Funds (ETF)** – This is a transfer of funds that in most instances if lodged with an Australian bank, will be placed as cleared funds usually within the next business day with Halifax, but can be delayed through various external factors outside of yours or Halifax's control.
- **International Electronic Transfer of Funds (IETF)** – This is a transfer from an overseas bank that in most instances if lodged with an overseas bank will be placed as cleared funds usually within five (5) business days, but can be delayed through external factors outside of yours or Halifax's control.
- **Bank cheque** – This is a cheque that is issued by a bank that traditionally requires three (3) business days or more to clear and would be required to be deposited with a 'special answer' to be made available as cleared funds the following business day (if required), but can be delayed through external factors outside of yours or Halifax's control.
- **Business cheque and personal cheque** – This is a cheque that is issued by a business or person that traditionally requires three (3) business days or more to clear and would be required to be deposited with a 'special answer' to be made available as cleared funds the following business day (if required), but can be delayed through external factors outside of yours or Halifax's control.

If Halifax receives confirmation of RTGS and ETF, Halifax will determine this as cleared funds. Unfortunately, as IETF, bank cheques, business cheques and personal cheques can be cancelled or withdrawn, Halifax will need to assess on a case by case basis whether this method of deposit is appropriate or, alternately if cleared funds will still need to be provided by you.

Whilst RTGS or ETF facilities may imply an immediate transfer of funds, you should also be aware that these processes can take additional time which could have some impact on your ability to trade and to control your open positions at that time. We recommend that you clarify with your bank or financial institution what timeframes or delays may be experienced in the transfer of funds via RTGS or ETF facilities to Halifax.

Halifax will not suggest to you any amount of capital to use to safeguard from a Margin Call.

13. Opening and Closing Out a CFD Position

You can open or Close Out a CFD position (or part of it) by contacting Halifax via the Trading Platform or by contacting Halifax within business hours to determine the current market price for the Underlying Product. CFDs do not have an expiry date. They remain open until they are Closed Out.

After receiving (and accepting) your instructions, Halifax will then provide a quote for the current market price or value for the Underlying Product. You will then decide whether to accept that price or value. If you accept the price or value, you will instruct Halifax to either open a position or Close Out an existing open position. Please note that Halifax is not obliged to accept your instructions should there be insufficient funds in your account to meet your Margin Requirements (for more information about your margin obligations see section 12 of this PDS). Other circumstances where Halifax may be unable to accept your order include (but is not limited to) where Halifax is unable to quote prices in the relevant Underlying Product due to the unavailability of information from the relevant exchange in which the Underlying Security is traded or the Underlying Index is calculated or where there are problems with systems, the website or Trading Platform (see risks in section 10 of this PDS).

As mentioned in section 11.8, Halifax may Close Out a position with no obligation to consult you.

Where you are either opening a transaction or Closing Out an open position the total value of your position is determined by multiplying the number of CFDs you hold in relation to that Underlying Product by the current market price or value of the Underlying Product.

13.1. What factors affect the CFD value on Close Out?

On the day that the CFD is Closed Out, Halifax will calculate any of your remaining payment rights and obligations to reflect movements in the contract value since the previous business day's close (including interest and other credits/debits). The closing contract value may also be affected by the following factors:

- **External administration** – If the Share CFD is over shares in a company which becomes externally administered, the CFD will be Closed Out by Halifax at that time and any resultant profit or loss will be credited or debited to your account. If this happens, Halifax will determine the price at which the CFD will be Closed Out having regard to any factors it considers appropriate including for example, the last traded price of the Underlying Security. It is the policy of Halifax that it will not continue to offer or quote Share CFDs where the Share CFD is over shares in a company which becomes externally administered.
- **Suspension** – If the CFD is over shares or indices which cease to be quoted or calculated on the relevant exchange on which they were quoted when the CFD was entered into, or are suspended from quotation for five (5) consecutive business days (or such lesser period as may be agreed with you), Halifax may elect to Close Out the CFD and/or call additional margin as determined by Halifax. If Halifax elects to Close Out the CFD, Halifax will determine the closing price and in making such determination, will, at its discretion, have regard to a number of factors including the last traded price of the Underlying Product and the reasons for any suspension (e.g. administration, liquidation, removal of listed stock or removal of the index).
- **Takeovers** – If a Share CFD is over shares in a company which becomes the subject of a takeover offer, Halifax may give you notice of its intention to Close Out the CFD. If this happens, Halifax will determine the closing price at its discretion. The closing price will usually be determined taking into account the terms of the takeover offer.
- **Trading halts** – If a Share CFD is over shares in a company in respect of which there is a trading halt, Halifax will determine the closing price at its discretion. The closing price determined by Halifax may be zero. If the closing price is zero, through payment of the margin and payments due on Close Out of the Share CFD, you will be required to pay Halifax an amount representing the contract value of the Underlying Security at the price at which it was last marked to market.

13.2. Trading Halts or Suspensions – New Orders

Halifax may accept new orders for Share CFDs where the Underlying Security is halted or suspended. Your order will remain as pending until such time as the Underlying Security resumes trading. However the order may be cancelled depending on how long the Underlying Security is halted or suspended for trading at the discretion of Halifax. You will however, still need to pay (or receive) any financing charges on these positions (for more information financing charges see section 18 of this PDS).

14. Electronic Trading Platforms

Halifax brings the global markets to its clients using a variety of on-line trading environments. Halifax enables its clients to trade CFDs using various trading and information systems which operate over the internet.

Halifax offers its clients a number of electronic Trading Platforms. The initial Trading Platform offered to you is at the discretion of Halifax. We recommend that prior to engaging in live trading you open a “demo” account and conduct simulated trading. This enables you to become familiar with the Trading Platform attributes.

It is important to note that each Trading Platform can be quite different from the others and in most cases will require you to decide if it is the most suitable Trading Platform to support your needs.

Halifax has outsourced the operation of its Trading Platforms to various third parties, and in doing so has relied upon these third parties to ensure the relevant systems and procedures are regularly updated and maintained.

The third party electronic Trading Platforms that Halifax uses and operates are:

1. Halifaxonline*	www.halifax.com.au
2. Halifax Option Trader (HOT)**	www.halifax.com.au
3. Deal Book 360***	www.gftforex.com

*This Trading Platform is provided to Halifax by Saxo Bank A/S (www.saxobank.com).

**This Trading Platform is provided to Halifax by Interactive Brokers LLC (www.interactivebrokers.com).

***This Trading Platform is provided to Halifax by Global Futures & Forex Ltd (www.gftforex.com).

We encourage clients to review the websites of these third party providers to gain an understanding of how they operate.

15. Trading Hours

The trading hours for our CFDs will depend on the market or exchange on which the Underlying Product is traded or based. We refer you to the relevant exchange website (a list of which is set out in section 11.5 of this PDS or by contacting Halifax (refer section 6 of this PDS for our contact details)).

This means that you are able to view live prices and place live orders during these hours.

Outside these hours, you may still access the Trading Platforms and view your account, Market Information, research and our other services. However, there will not be any live prices or trading. It is at the sole discretion of Halifax to provide services to you outside these hours. Any changes to trading hours will be displayed on our website.

16. Trading Examples

When trading CFD products offered by Halifax, you should be aware of the risks and benefits and review examples of how the CFD products can be traded.

Halifax has prepared various trading examples which can be found on our website at www.halifax.com.au.

These trading examples are provided purely for the purpose of demonstrating to you how dealing in our CFD products may work. As these trading examples are for illustrative purposes only, they should not be taken as an indication or commitment by Halifax as to any values that might apply to any trade(s). Furthermore, the figures used do not reflect your personal circumstances and do not constitute general or personal financial product advice.

17. Clients' Money

17.1. Client Trust Account

Funds paid to Halifax by you are first deposited into a client trust account maintained by Halifax. This means that client funds (and property) deposited with us are held in safe keeping and segregated from our own funds (or property). Client monies are held, used and withdrawn in accordance with the Corporations Act, this PDS and our Client Services Agreement.

In brief, this means that those funds are not available to pay general creditors in the event of receivership or liquidation by Halifax. We also note that monies lodged or deposited with us to meet Margin Requirements are not treated as funds belonging to Halifax but are treated as funds belonging to the client. Money held in the client trust account may be invested in accordance with the Corporations Act. Halifax is entitled to retain all interest earned on the money held in its client trust account.

For money deposited in our client trust accounts, you should be aware that:

- individual client accounts are not separated from each other;
- all clients' funds are co-mingled into the one account;
- the client money provisions may not insulate any individual client's funds from a default in our client trust account. Such a default may arise from any client's trading; and
- assets in the client trust account belonging to non-defaulting clients are potentially at risk, even though they did not cause the default.

17.2. Counterparty dealings

Halifax may also use the funds in its client trust accounts to manage its dealings with its hedging counterparties. For example, once an order is received, Halifax will, at or about the same time, perform a "back to back" transaction (in its own name) with a CFD dealer (i.e. a regulated and licensed entity) to hedge the transaction entered into with the client so that it has no direct market exposure.

As such, Halifax may be required to deposit monies with that hedging counterparty to maintain the open position. The hedging counterparty used by Halifax will depend on which Trading Platform the client order is entered e.g. for the Halifaxonline Trading Platform, the hedging counterparty with whom the back to back position is entered is Saxo Bank A/S.

Accordingly, if a client wishes to enter into 1000 Share CFDs where the Underlying Share is XYZ, Halifax, as the market maker to you, will sell you 1000 Share CFDs where the Underlying Security is XYZ. To protect its exposure, Halifax will hedge that position with the client by buying 1000 Share CFDs where the Underlying Share is XYZ with a hedging counterparty.

It is possible that this hedging counterparty may become insolvent. It is also possible that another of Halifax's clients might go into deficit. Therefore, any funds you may have paid to Halifax may not be protected if there is a default in the overall client trust account balance.

If this occurred, Halifax would use its best endeavours to retrieve your funds and the funds of other clients. However, if Halifax was not able to retrieve your funds it would have to source funds to match the amount in deficit.

Halifax has a comprehensive insurance policy in place to cover a variety of different scenarios some of which may assist in the repayment of deficits. However, if Halifax was not able to source these funds it could be that Halifax itself was insolvent and unable to provide financial services.

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You could therefore become an unsecured creditor to Halifax, as Halifax is to an insolvent hedging counterparty. For more information on counterparty risk see section 10.2 of this PDS.

Therefore, you should be aware of the hedging counterparties which Halifax deals with and consider their financial credentials before deciding to deposit your money with Halifax. Other than Global Futures & Forex Ltd, financial information of our hedging counterparties is available on the relevant hedging counterparty's website. Halifax may decide to allocate its CFD business to any one of the hedging counterparties.

The hedging counterparties which Halifax deals with are:

Saxo Bank A/S	www.saxo.com
Interactive Brokers LLC	www.interactivebrokers.com
Global Futures & Forex Ltd	www.gftforex.com

Please note that Halifax is entitled to retain all interest earned on the money held in its client trust accounts, with its hedging counterparty or from authorised investments made from the client trust accounts.

18. Charges, fees and other amounts payable

Fees and charges will be charged to your account at the time your transaction is executed. Relevant fees and charges can be found by accessing Halifax's Financial Services Guide either on line via www.halifax.com.au/fsg or by contacting us (refer section 6 of this PDS for our contact details) and requesting a hard copy be provided.

18.1. Commission

Halifax charges a commission (sometimes referred to as a transaction fee) on each CFD that is executed. Halifax is remunerated through the fees and charges that we charge you. The level of commission may be subject to negotiation between you and Halifax prior to transacting any business.

The commission you can expect to pay is based on the full notional value of your CFD transaction and expressed as a percentage of the contract value with a fixed minimum charge. Commission is debited from your account when you enter into the CFD product and when you Close Out your CFD position. When trading CFDs we do not charge an account keeping or maintenance fee. Commission is directly based on the volume transacted by you.

Details of commissions are included in your daily statement. This is an online report that you can access and print upon demand and can be found on your Trading Platform. The level of commission may vary depending on the type and level of service required, and the frequency and size of your CFD transactions.

We refer you to Annexure B which sets out Halifax's current fee schedule with respect to commission levels. These fees are subject to change from time to time. For up to date fees please contact a representative of Halifax.

Please note the commission rate will default to the highest level unless otherwise negotiated. Thus, when opening an account with Halifax you should negotiate the most competitive rate that you are comfortable with before you execute any CFD transaction.

18.2. Interest on long and short open positions

Long Position

If you hold a long position overnight you will pay interest (or a financing charge) on the open position market value. This value is calculated daily and is the quantity of CFDs you hold multiplied by the closing market price for the Underlying Product on that day.

For example, if you were paying interest of 3% over the RBA cash rate and if the RBA cash rate was 5.25%, you would be paying a financing charge rate of 8.25% per annum. If the contract was for 10,000 CFDs and the closing price was \$2.00 per share, the open position value would be \$20,000.00. The interest would be approximately \$4.52* for every day the contract is maintained ($\$20,000 \times 8.25\% = \$1,650$ divided by 365).

**The exact amount of interest paid/received by Halifax will vary each day, depending on such factors as the closing market price of the Underlying Products, changes to the holdings within your CFD portfolio and/or changes to the prevailing interest rate that is applied.*

Short Position

If you hold a short CFD position overnight, Halifax would pay you interest on the open position market value. This is paid at the RBA cash rate less 2.5%. Please note that where the RBA's cash rate is 2.5% or lower, you will not be entitled to receive any interest. If the RBA cash rate less 2.5% is negative (e.g. RBA cash rate is 1.5% less 2.5% is -1%), then clients are not required to pay Halifax i.e. Halifax is not entitled to receive the interest from the client. The same policy applies to all benchmark rates. No interest is paid or received if you open and Close Out a position on the same day.

Interest is calculated daily and debited from and credited to your account on a monthly basis within the following calendar month.

The applicable interest rate for open positions at the close of the trading day is set out below in section 18.3. You will note that this is calculated by the number of CFDs multiplied by the closing price multiplied by the applicable interest rate divided by 365 days. The current applicable interest rate for open positions at the close of the trading day varies in line with the market. The rates are automatically applied to your positions. For current applicable interest rate for open positions please contact a representative of Halifax.

18.3. What interest rate do we use as Benchmark and why do we use this?

Halifax offers CFDs in Underlying Products from around the world. Where you hold an open position in a currency other than AUD, it is appropriate to use different interest benchmarks to determine financing charges for long positions and interest receipts for short positions.

To find out what the current benchmark rate is to the corresponding country please go to www.bloomberg.com, www.reuters.com, or contact Halifax.

Below are the countries and the relevant benchmarks that they use.

Australia	AUD RBA Cash Rate
Austria	EURIBOR
Belgium	EURIBOR
Denmark	DKK LIBOR
Finland	EURIBOR
France	EURIBOR
Germany	EURIBOR
Greece	EURIBOR
Hong Kong	HIBOR
Italy	EURIBOR
Japan	JPY LIBOR
Netherlands	EURIBOR
Norway	NOK LIBOR
Poland	PLN LIBOR
Portugal	EURIBOR
Singapore	SIBOR
Spain	EURIBOR
Sweden	STIBOR
Switzerland	CHF LIBOR
UK	GBP LIBOR
USA	USD Fed Rate

Halifax applies a premium to the benchmark when calculating financing charges and a discount to the benchmark when calculating interest on short positions. Please contact Halifax to obtain the most current benchmarks and the premium and discount applied.

18.4. Interest on credit and debit Balances

Interest is charged where your account balance is in debit.

Unless otherwise negotiated with Halifax, there is no interest applied where your account balance is in credit. If, through negotiation, Halifax offers any interest on your credit balance, then factors which may affect the amount of interest includes the type of currency in which the account is denominated, a discount to the relevant reference interest rate (for example, if your account is denominated in AUD, the RBA cash rate) and the amount of monies held in excess of your Margin Requirements.

The interest rate applicable for the calculation of interest on any credit balance in your account at any particular time is charged at 2.5% under the RBA's cash rate (for example, if the RBA cash rate was 4.25% per annum, you would receive interest at a rate of 1.75% per annum). Please note that where the RBA's cash rate is 2.5% or lower, you will not be entitled to receive any interest on any credit balance in your account.

Interest on credit balances is calculated daily and applied monthly within the following calendar month.

The funds used to meet your Margin obligations when you open a CFD position do not accrue any interest.

If your account balance becomes a debit, Halifax will charge you interest at 3% above the RBA's cash rate (for example, if the RBA cash rate was 4.25% per annum, you would be charged interest at a rate of 7.25% per annum). Provided you meet all Margin Calls, it is unlikely your account will go into debit but it is not impossible e.g. in the event of a major market movement against your position and you fail to meet a Margin Call, Halifax may exercise its right to Close Out some or all of your open positions. If the realised loss is greater than the amount you have deposited with Halifax then your account will go into debit (refer to section 12.3 of this PDS).

Interest on debit balances is calculated and applied daily.

Please note that current RBA cash rates are available from the following website: www.rba.gov.au.

18.5. Conversion fee

You will be charged a conversion fee when converting profits generated or losses incurred in a foreign currency to the currency in which the client's account is denominated i.e. generally Australian dollars. This occurs each time there is a conversion to your account currency.

We note that your account is always maintained in a specific currency (which you nominate), for example AUD. You will instruct us what you want this currency to be. All Margin Requirements, profits, losses and all other variables (such as fees) will be debited or credited to your account in the nominated account currency (in this example, AUD).

If you transact in a CFD where the Underlying Product is denominated in a currency other than the account currency (e.g. a share traded on the New York Stock Exchange), all Margin Requirements, profits and losses will be converted to the account currency. This is performed automatically. For example, if you transact in a CFD where the Underlying Product is denominated in USD and your account currency is AUD, any Margin Requirement, profit or loss will be converted from USD to AUD.

The conversion fee is levied at the rate at which the transaction is executed plus or minus 0.5% (depending upon the currency). Thus, the conversion fee is actually reflected in the exchange rate at which the transaction is converted and is not an additional fee or charge.

Following are some examples of how a conversion fee might be charged to you.

Example 1

If you had a JPY **profit** of 87,000 this amount would be converted as follows

$$\begin{aligned} \text{AUD/JPY} &= 0.012413 \\ \text{Adjustment } 0.50\% &= 0.012413 \times 0.50\% \\ &= 0.000062065 \\ \text{Rate used to convert} &= 0.012413 - 0.000062065 \\ &= 0.01235094 \end{aligned}$$

Example 2

If you had a JPY **loss** of 87,000 this amount would be converted as follows

$$\begin{aligned} \text{AUD/JPY} &= 0.012413 \\ \text{Adjustment } 0.50\% &= 0.012413 \times 0.50\% \\ &= 0.000062065 \\ \text{Rate used to convert} &= 0.012413 + 0.000062065 \\ &= 0.01247506 \end{aligned}$$

Example 3

If your USD position is converted to AUD (your account currency) at 0.7275, then a fee of 0.5% will be levied, resulting in the currency being converted at 0.7225 (or, 0.7275 - 0.5%).

18.6. Orders over the Telephone

Halifax may charge you a fee at its sole discretion of an amount that it sees fit, not exceeding the maximum fee (i.e. 2% of the face value of the Underlying Product) for accepting an instruction from you over the telephone to transact. This fee will not be charged in the event the relevant Trading Platform is not available.

18.7. Margin Requirement

Where you enter a CFD position you will be required to pay an Initial Margin and may be required to pay Variation Margin in the event of adverse market movements against your position. Such payments are not costs but are funds required by Halifax to cover our risk and as security for your obligations.

18.8. DMA and Market Made quotes

As mentioned in section 11.3 of this PDS, there are two models for trading in CFDs with us, the DMA model and the Market Made model. If you trade in CFDs using the Market Made model, then in addition to the commission referred to in section 18.1, an additional amount of up to 0.05% of the value of the CFD will be charged. This amount is embedded in the spread between the price of the Underlying Product quoted on the relevant exchange and the price Halifax quotes for the CFD on that Underlying Product. Please refer to section 11.3 for additional information.

New clients of Halifax that do not have a preference will be provided access to the DMA model which means that the additional Market Made commission will not be payable by them.

18.9. In the event of default

If you fail to pay, or provide security for, amounts payable to us or fail to perform any of your obligations to Halifax as fully set out in the Client Services Agreement, such as failing to meet your Margin Requirement or if you incur a loss greater than the amount of funds in your account, we can take steps to protect our position including, for example, the power to Close Out some or all of your open positions, to charge interest on any debit balance in your account (as described in section 18.4 above) and any other costs incurred by Halifax associated with recovering payment from you.

The interest rate applicable for the calculation of interest on any debit balance in your account at any particular time is charged at 3% over the Australian Reserve Bank cash rate (which if was 4.25% per annum, you would be charged interest at a rate of 7.25% per annum).

19. Confirmation of transactions

Once you have entered an order into one of the Trading Platforms, the system will automatically report the main elements of that order to you in a 'pop up' window. This is a 'preliminary notification' and provides to you a quick reference point for your trade and for your convenience that will enable you to print a confirmation of the primary data, including the quantity, price and the date and time the order was transmitted to Halifax. It is not designed to comply with section 1017F of the Corporations Act. Once your order has been executed you can obtain a comprehensive trade confirmation by accessing the daily statement online. This is an online report that you can access and print upon demand and highlights all of the particulars concerning the transaction in accordance with Section 1017F of the Corporations Act.

We refer you to our website at www.halifax.com.au which provides samples of various 'pop-up' screens which are part of the functionality of the various Trading Platforms and in particular, refer you to the sample trade confirmation.

If you have provided Halifax with an email or other electronic address, you consent to confirmations being dispatched to you electronically, including by way of the information posted to your account in the Trading Platform. It is your obligation to review any confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours. Confirmations can be viewed electronically through the Trading Platform and from daily statements (an example of a daily statement is available on our website).

20. Protection against Fraudulent activity

If there is fraudulent activity by one of Halifax's employees, directors or authorised representatives that results in your money being used for fraudulent activities, it is the obligation of Halifax to reimburse any loss.

Halifax has a comprehensive insurance policy that covers fraudulent activity and a variety of different scenarios some of which may assist in the repayment of your money. If however, the insurance policy is not sufficient and Halifax was not able to provide your money to you, it could be deemed that Halifax itself was insolvent and unable to continue to provide financial services.

21. Market Information

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

As this Market Information comes from a variety of different sources, the quality of advice could vary. Following is a list of current providers of this Market Information:

1. Australian Financial Review	www.afr.com.au
2. Bloomberg LP	www.bloomberg.com
3. Thomson Reuters	www.reuters.com
4. Interactive Brokers LLC	www.interactivebrokers.com
5. Global Futures & Forex Ltd	www.gft.com.au
6. IRESS Market Technology Ltd	www.iress.com.au
7. Gain Capital Group Incorporated	www.gaincapital.com
8. Macquarie Group Limited	www.macquarie.com.au/mq/prime/home.htm
9. Pats Systems PLC	www.patsystems.com
10. Barclays Capital (Barx System)	www.barx.com
11. Deutsche Bank AG (Autobahn)	www.autobahn.db.com
12. Various financial web sites globally	
13. Various financial news networks including CNBC, Bloomberg	
14. Various Australian and global newspapers	
15. Various specific industry notable individuals	
16. Various Australian and Global banks and financial institutions	

Advice based Market Information means that by accepting advice from Halifax you acknowledge that the Market Information may have come from one or more of these sources and therefore, have determined that you accept this risk.

Unless otherwise instructed, Market Information provided by us via email or through our website is not intended as advice. Halifax may or may not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. Halifax, and its third party providers, do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.

Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither Halifax, nor the third party providers, are obliged to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.

22. Cooling Off Arrangements

There are no cooling-off arrangements for the CFD products offered by Halifax. This is consistent with other product issuers in similar products. This means that when you enter into a transaction in a CFD product with Halifax, you do not have the right to return the product, nor request a refund of the money paid to acquire the product. Should you change your mind after entering into a transaction with Halifax you should Close Out your position by entering into an opposite transaction (although loss may be incurred in doing so).

23. Taxation implications

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

Notwithstanding, the following information is provided and should be regarded as general information only.

23.1. New Regime for taxing CFDs

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs. A copy of Taxation Ruling 2005/15 is available at the ATO's website www.ato.gov.au. Investors should note that this is a public ruling for the purpose of Part IVAAA of the *Taxation Administration Act 1953* (Cth) and therefore, if the ruling applies to an investor, the Commissioner of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall.

23.2. Profits and losses on CFDs

Any gains derived or losses incurred by you in respect of a CFD should be included in your assessable income. When calculating the amount of profit or loss, you need to consider the difference between the Closing Value and the Open Contract Value, and any fees dividend amounts, distributions and interest on open CFD positions paid or received by you. Should you hold your CFD for the purpose of trading you should seek independent taxation advice.

23.3. Interest on your CFD account

Any interest received by you in respect of your CFD trading should be included in your assessable income. In most cases this will be at the time the interest is credited to your Halifax account. Interest payable by you in respect of your CFD account (including Default Interest) should be allowable as a deduction at the time it is debited against your Halifax account.

23.4. Tax File Number withholding rules

The Tax File Number withholding rules only apply to certain investments (referred to in this paragraph as 'Special Investments') as set out in the income tax legislation. Those withholding rules do not apply to CFD products as those contracts are not Special Investments for the purposes of the Tax File Number withholding rules.

23.5. Other fees, charges or commissions

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

24. Dispute Resolution

We want to know about any problems or concerns you may have with our advice or services so we can take steps to resolve the issue. Halifax has internal and external dispute resolution processes in place to resolve any complaints or concerns you may have, quickly and fairly. A copy of these procedures may be obtained by contacting us and requesting a copy.

Any complaints or concerns should be directed to Halifax (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in section 6 of this PDS, or by email to the Operations Manager – compliance@halifax.com.au.

We will provide acknowledgement of receipt of written complaints within 5 business days, and seek to resolve and respond to complaints within 30 business days of receipt. We will initially investigate your complaint internally, and provide you with our decision, and the reasons on which it is based, in writing.

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If you are dissatisfied with the outcome, you have the right to lodge a complaint with the Financial Ombudsman Service Ltd (contact details below), an approved external dispute resolution scheme, of which Halifax is a member (membership number is F-3307). Note that there is a limit of \$150,000 for complaints made to FOS. You may also make a complaint via the ASIC free call Infoline on 1300 300 630.

Financial Ombudsman Service Ltd

GPO Box 3

Melbourne NSW 3001

Toll free: 1300 78 08 08

Facsimile: +613 9613 6399

Website: www.fos.org.au

Email: info@fos.org.au

25. Privacy

Halifax has a Privacy Policy which outlines the obligations Halifax has in managing the personal and sensitive information we hold about our clients, potential clients, and others. If you would like to view a copy of the Privacy Policy please visit the website at www.halifax.com.au.

26. Glossary of terms

Following is a list of products/terminology used in this PDS and their meaning:

AFS: Australian Financial Services Licence.

ASIC: Australian Securities and Investments Commission.

ASX: The Australian Securities Exchange (operated by ASX Limited).

AUD: Australian Dollars.

CFD: A contract for difference that concludes with the parties settling the difference between the purchase price and sale price of an Underlying Product. The CFDs covered by this PDS are Shares CFDs and Index CFDs.

Client Services Agreement: The Agreement between you (the client) and Halifax titled "Client Services Agreement".

Close Out: To close out an existing open position by entering into an equal and opposite offsetting position. To close out a bought or long position requires selling, and closing out a sold or short position requires buying.

Corporations Act: The *Corporations Act 2001 (Cth)* as amended from time to time.

DMA Model: The Direct Market Access ("DMA") model means that all CFD quotes made by Halifax are the same as the price or value of the Underlying Product on the relevant exchange i.e. no spread is applied by Halifax to prices or values of Halifax CFDs.

FSG: Financial Services Guide.

Index CFDs: A CFD whose value fluctuates by reference to the fluctuations in value of the Underlying Index or, if the value of the Underlying Index is not available from the relevant exchange, then Halifax's valuation of the Underlying Index at Halifax's discretion.

Initial Margin: The minimum amount of cash or security that a client must have on deposit with us to establish a position in a CFD.

Margin Call: A demand for additional funds to be deposited in an account to meet Margin Requirements either because of adverse price movements (Variation Margin) or an increase in Initial Margin requirements.

Margin Requirements: The total Initial Margin and Variation Margin used to cover credit risk.

OTC: Over the counter (not dealt with on any exchange) contracts or products that are traded (and privately negotiated) directly between two parties.

PDS: This Product Disclosure Statement, as supplemented from time to time by any supplementary product disclosure statement.

Share CFDs: A CFD whose value fluctuates by reference to the fluctuations in value of an Underlying Security or, if the value of the Underlying Security is not available from the relevant exchange, then Halifax's valuation of the Underlying Security at Halifax's discretion.

RBA: Reserve Bank of Australia.

Trading Platform: A electronic trading platform which enables clients to access and trade our CFD products and as described in section 14 of this PDS.

Underlying Index: The underlying index, calculated by the relevant exchange or, if the value of the Underlying Index is not available from the relevant exchange, then by Halifax, with respect to a parcel of shares or the market as a whole, to which the Index CFD relates.

Underlying Product: The Underlying Security or the Underlying Index to which the CFD relates.

Underlying Security: The underlying security (share) to which the Share CFD relates.

USD: United States Dollar.

Variation Margin: The difference between the current value of a contract and the previous days marked-to-market value.

ANNEXURE A

ORDERS TYPES YOU CAN PLACE WITH HALIFAX

1. Important notice about this section

When you request to place an order (i.e. instruction to open or Close Out a transaction) of one of the types described in this Annexure A of this PDS, Halifax has an absolute discretion whether or not to accept and execute any such request. Halifax's discretion includes, but is not limited to, 'Stop Loss orders', 'Market orders', 'Market-on-Open orders', 'Stop Entry orders', 'One cancels the other orders', 'If Done orders' and any other order type established and defined on the relevant Trading Platform from time to time.

Halifax's rights to refuse your request to receive / place an order (to establish a new position or amend an existing open position) are set out in full at section 4 of the Client Services Agreement. You should refer to these paragraphs for the circumstances in which Halifax may exercise its discretion not to accept your order.

Halifax, via its Trading Platforms, provides continuous quotations in the CFD products offered by Halifax. There is no pre-determined percentage or amount by which the quoted price of a CFD product can vary from the price previously quoted on the relevant Trading Platform. Any quotation provided by Halifax is valid for as long as it is displayed on the Trading Platform. You should ensure that you enter any order to trade immediately if the price or value (in the case of Index CFDs) (price and value collectively referred to as price for the purposes of this Annexure A) quoted is a price at which you wish to trade. Halifax reserves the right to amend the quotations offered at any time.

In addition, please note that Halifax, at its absolute discretion, may quote different prices to different clients (for example due to different order sizes). You will always have the option to either accept or reject any quotation displayed on the relevant Trading Platform, although if you delay in accepting the price you must appreciate that it may no longer be available at a later time.

2. Description of Orders Types

2.1. Market orders

A Market order is an order to be filled immediately at the best price available and may be used to enter into a position or Close Out an open position at the current quoted price at which Halifax is willing to deal. Halifax will endeavour to execute Market orders at the price displayed on the relevant Trading Platform and at the time the order is transmitted from software provided by Halifax.

Please note that you cannot enter Market orders into the relevant Trading Platform outside of the trading hours of the relevant exchange. Trading hours of the relevant exchanges are available by viewing the relevant exchange website (for more information of the relevant exchanges see section 11.5 of this PDS).

2.2. Market-on-Open orders

For the DMA model (refer section 11.3.1 of this PDS), a Market-on-Open order is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant exchange i.e. to buy/sell at the beginning of a trading session of the relevant exchange at a price within the opening range of that exchange.

For the Market Made model (refer section 11.3.2 of this PDS), a Market-on-Open order is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant Trading Platform i.e. to buy/sell at the beginning of a trading session at a price within the opening range on the relevant Trading Platform.

Market-on-Open orders will be filled on a time priority basis in terms of when the orders have been received by Halifax. Market-on-Open orders for CFDs where the Underlying Product is a share listed on the ASX or the S&P 200 Index will be accepted up until 9:50am on any day on which the ASX is open for trading and will be cancelled after the ASX market opens if it was not executed. For details of the cut off times for accepting Market-on-Open orders for CFDs where the Underlying Product is a share listed on an international exchange or an index calculated by an international exchange, please contact Halifax.

2.2.1. Market-on-Open (buy) orders

For the DMA model, a Market-on-Open buy order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price on the relevant exchange trades at a price equal to or inferior to the price at which you have placed your Market-on-Open buy order.

For the Market Made model, a Market-on-Open buy order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price offered by Halifax on the relevant Trading Platform trades at a price equal to or inferior to the price at which you have placed your Market-on-Open buy order.

2.2.2. Market-on-Open (sell) orders

For the DMA model, a Market-on-Open sell order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price on the relevant exchange trades at a price equal to or superior to the price at which you have placed your Market-on-Open sell order.

For the Market Made model, a Market-on-Open sell order will be filled if the market of the relevant exchange opens (for example, the ASX) and the price offered by Halifax on the relevant Trading Platform trades at a price equal to or superior to the price at which you have placed your Market-on-Open sell order.

2.3. Market-on-Close orders

For the DMA model, a Market-on-Close order is an order placed with the aim of executing a trade at a price within the closing range of the Underlying Product as traded on the relevant exchange i.e. to buy/sell at the end of a trading session of the relevant exchange at a price within the closing range of that exchange.

For the Market Made model, a Market-on-Close order is an order placed with the aim of executing a trade at a price within the opening range of the Underlying Product as traded on the relevant Trading Platform i.e. to buy/sell at the beginning of a trading session at a price within the opening range on the relevant Trading Platform.

2.3.1. Market-on-Close (buy) orders

For the DMA model, a Market-on-Close buy order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price on the relevant exchange trades at a price equal to or inferior to the price at which you have placed your Market-on-Open buy order.

For the Market Made model, a Market-on-Close buy order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price offered by Halifax on the relevant Trading Platform trades at a price equal to or inferior to the price at which you have placed your Market-on-Close buy order.

2.3.2. Market-on-Close (sell) orders

For the DMA model, a Market-on-Close sell order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price on the relevant exchange trades at a price equal to or superior to the price at which you have placed your Market-on-Open sell order.

For the Market Made model, a Market-on-Close sell order will be filled if the market of the relevant exchange closes (for example, the ASX) and the price offered by Halifax on the relevant Trading Platform trades at a price equal to or superior to the price at which you have placed your Market-on-Close sell order.

2.4. Stop Loss orders

For the DMA model, a Stop Loss order is an order placed with the aim of limiting or minimising the potential loss on an open position. It is an order that becomes a Market order only when the price offered on the relevant exchange trades at the price you specify or at an inferior price.

For the Market Made model, a Stop Loss order is an order placed with the aim of limiting or minimising the potential loss on an open position. It is an order that becomes a Market order only when the price offered by Halifax on the relevant Trading Platform trades at the price you specify or at an inferior price.

Stop Loss orders must be placed a minimum distance (in terms of quotation points) from Halifax's current bid and offer prices. The minimum distance away for a Stop Loss order placement is specific to the individual Trading Platform you use. Please contact Halifax for further information as to the minimum distance required.

Stop Loss orders placed on CFD products will be filled if the price offered by Halifax on the relevant Trading Platform is traded (in the case of the DMA model on the relevant exchange or in the case of the Market made model, on the relevant Trading Platform) at prices equal to or inferior to the price at which you have placed your Stop Loss order (subject to there being sufficient liquidity). Stop Loss orders are processed in price level, and then time received order. If liquidity is insufficient at your price level, your Stop Loss order may be filled at prices inferior to those at which they were originally placed.

Stop Loss orders placed on CFD products may be filled if the price quoted by Halifax is equal to or inferior to the price at which you have placed your Stop Loss order. Your Stop Loss orders may also be filled at prices inferior to those at which they were originally placed.

Halifax will execute a Stop Loss order once the following conditions are met:

- Halifax's offer price has reached the Stop Loss order price in the case of a buy order, or Halifax's bid price has reached the Stop Loss order price in the case of a sell order; and
- The price offered by Halifax on the relevant Trading Platform has traded at or through the level (in the case of the DMA model on the relevant exchange or in the case of the Market made model, on the relevant Trading Platform) at which the Stop Loss order is placed.

If "gapping" occurs in the underlying market and as a result, the price offered by Halifax on the relevant Trading Platform also gaps through your specified price (stop level), then the Stop Loss order will be executed at the next available price.

Due to the above factors, Halifax does not guarantee that your Stop Loss order will be executed at the same price you requested.

2.5. Stop Entry orders

A Stop Entry order is an order placed to open a new position or increase an existing open position at a price which is inferior to the current price offered by Halifax, (in the case of the DMA model on the relevant exchange or in the case of the Market made model, on the relevant Trading Platform). You may use this type of order when you expect that the price will move significantly in a particular direction from its existing price.

Also note that Stop Entry orders must be placed a minimum distance (in terms of quotation points) from the current bid and offer prices. The minimum distance for a Stop Entry order is specific to the individual Trading Platform you use. Please contact Halifax for further information as to the minimum distance required.

We recommend that you contact Halifax before you begin trading to determine if the CFD based on the Underlying Security you wish to trade allows the use of Stop Entry orders. Depending on the exchange and the Trading Platform used, you may or may not be permitted to place Stop Entry orders.

2.6. Market if Touched order

A Market if Touched order is an order that becomes a Market order when the price offered by Halifax (in the case of the DMA model on the relevant exchange or in the case of the Market made model, on the relevant Trading Platform) trades at a specified price at least once. In other words, if the market touches your specified order price then your order is executed by Halifax at the next available price. Order placement only occurs when your pre-set trigger level (or market condition) is met. In this circumstance, in the case of the DMA model the relevant exchange must trade or in the case of the Market made model, the relevant Trading Platform must trade at a particular price before your order is executed.

You must specify the CFD for Market if Touched orders. Once this trigger price has traded, in the case of the DMA model on the relevant exchange or in the case of the Market made model, on the relevant Trading Platform the order will be executed with Halifax.

Market if Touched orders must be placed a minimum distance (in terms of quotation points) from the current bid and offer prices. The minimum distance for a Market if Touched order is specific to the individual Trading Platform you use. Please contact Halifax for further information as to the minimum distance required.

2.7. Limit orders

A Limit order is an order that can only be filled at a specified price or better and may be used by you to either open or Close Out an open position at a predetermined price that is more favourable to you than the current price. Halifax will execute your Limit order when one or more of the following conditions are met:

- The Halifax offer price has reached the price of your buy Limit order or the Halifax bid price has reached the price of your sell Limit order; or
- The price offered by Halifax on the relevant Trading Platform has been bid or offered at your Limit order price.

Limit orders may be executed at a level that is more favourable to you than the predetermined price you selected when placing the Limit order. This will usually be where the price offered by Halifax on the relevant Trading Platform is more favourable to you than the Limit order you have placed.

Where your Limit order is not executed due to, for example, a lack of liquidity it would remain subject to the above conditions of execution with Halifax at the limit price set by you.

Please note that you cannot enter Limit orders into the relevant Trading Platform outside of the trading hours of the relevant exchange. Trading hours of the relevant exchanges are available by viewing the relevant exchange website (for more information of the relevant exchanges see section 11.5 of this PDS).

2.8. One Cancels the Other orders ("OCO" orders)

This is an order that is comprised of two orders, one of which cancels the other when filled i.e. it is the combination of both a Limit order and a Stop Loss order where the execution (or cancellation) of one order will automatically cancel the other order (also referred to as "one-cancels-other" orders). It is an order type that may be used to Close Out an open position and take a profit if the underlying market of the relevant exchange moves favourably for an open position or to potentially limit the loss if the underlying market of the relevant exchange moves against the open position. It may also be used to open a new position.

This order is linked to If Done Orders (refer section 2.9 of this Annexure A of this PDS). If you place both of these orders at the same time and the If Done Order is triggered then the OCO order will automatically be implemented.

2.9. If Done or Contingent orders (If Done Orders)

This order is also the combination of two orders; where the second of the two orders only becoming active should the first order be executed.

For example, you may place an If Done order with a Limit order. In this situation, if the Limit order is executed, then the If Done order comes into effect. This order type is linked to OCO orders described above in section 2.8 of this Annexure A of this PDS.

2.10. Good 'Til Cancelled orders ("GTC" Orders)

A GTC Order means that the order you place will remain in the relevant Trading Platform until it is either executed according to the terms of that GTC order or cancelled by you.

We note that Halifax reserves the right to cancel a GTC order due to, among other things, insufficient excess monies in the client account. For more information about circumstances in which Halifax may exercise its discretion to Close Out your position see section 13 of this PDS.

3. Halifax Order Durations

Conditional orders (for example Limit orders, Stop Loss orders and OCOs) can be placed as Day orders or Good 'Til Cancelled ("GTC") orders as described in section 2.10 of this Annexure A of this PDS.

A Day order means that the order you place will remain active for that trading day only i.e. it will automatically be cancelled by Halifax at the close of the trading day on the relevant exchange.

Day orders will only be cancelled by Halifax if they are not executed or are cancelled by you before this time. Should you wish to maintain that order in the Trading Platform for the next trading day of the relevant exchange, you will have to re-submit that order.

Please note that a Day order and a Day Trade are not the same thing. A Day order is an order that is "good for the day" on which it is placed. This may or may not be executed (depending upon market activity) and will be cancelled by Halifax if unexecuted at the close of the trading day on the relevant exchange.

A Day Trade is a set of executed transactions that result in a position being opened in a CFD product and Closed Out on the same day. In other words, it is a transaction that was only open for the one day.

4. Cancelling orders

If you Close Out a position, you must ensure that you cancel all and any related orders you have placed against that previously open position. This is particularly important for If Done orders (which includes a combination of two separate orders). We urge you not to Close Out one order without considering the consequences of another order left open with Halifax. Failure to do so will mean that the order remains at risk of execution.

If you wish to cancel any orders, they may be cancelled using the Trading Platform that you are using at a time when the Trading Platform is available to process the cancellation i.e. the same as the trading hours (refer to section 15 of this PDS).

5. Summary of Orders Types

To summarise, following is a table setting out in simplified terminology a description of the order types described in section 2 of this Annexure A above. For more detailed explanation you are referred to section 2 of this Annexure A of this PDS.

ORDER TYPE	CODE	DESCRIPTION
Market	MKT	An order filled immediately at the best price available.
Market-on-Open	MOO	To buy/sell at the market price at the beginning of a trading session of the relevant exchange at a price within the opening range of the relevant exchange.
Market-on-Close	MOC	To buy/sell at the market price at a price at the end of a trading session of the relevant exchange at a price within the closing range of the relevant exchange.
Stop Loss	S/L	An order that becomes a market order only when the price offered by Halifax on the relevant Trading Platform trades at a specified price.
Stop Entry	S/E	An order placed to open a new position or increase an existing open position at a price which is inferior to the current price offered by Halifax.
Market if Touched	MIT	A price order that becomes a Market order when the price offered by Halifax on the relevant Trading Platform trades at a specified price at least once.
Limit	LMT	An order that can be filled only at a specified price or better.
One Cancels the Other	OCO	An order that includes two orders, one of which cancels the other when filled. Also referred to as one-cancels-other.
If Done	ID	An order that includes two orders; where the second of the two orders only becoming active should the first order be executed.
Good 'Til Cancelled orders	GTC	An order which remains in the relevant Trading Platform until it is either executed according to the terms of that order or cancelled by you.

PRODUCT DISCLOSURE STATEMENT

ANNEXURE B

FEE SCHEDULE WITH RESPECT TO COMMISSION LEVELS

Exchange Name	Commission rate minimum	Commission rate maximum	Minimum fee	Market Made additional Commission
American Stock Exchange (AMEX) *	0.10%	2.00%	USD 20.00	Up to 0.05% of the underlying price
NASDAQ Global Markets (NASDAQ NM)	0.10%	2.00%	USD 20.00	Up to 0.05% of the underlying price
NASDAQ Capital Market (NASDAQ SC)	0.10%	2.00%	USD 20.00	Up to 0.05% of the underlying price
New York Stock Exchange (NYSE)	0.10%	2.00%	USD 20.00	Up to 0.05% of the underlying price
NYSE ARCA (NYSE_ARCA)	0.10%	2.00%	USD 20.00	Up to 0.05% of the underlying price
Athens Stock Exchange (AT)	0.60%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Euronext Amsterdam (AMS)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Euronext Brussels (BRU)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Euronext Lisbon (LISB)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Euronext Paris (PAR)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Frankfurt Stock Exchange – Xetra (FSE)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
London Stock Exchange (LSE)	0.10%	2.00%	GBP 8.00	Up to 0.05% of the underlying price
Milano Stock Exchange (MIL)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
OMX Copenhagen (CSE)	0.10%	2.00%	DKK 65.00	Up to 0.05% of the underlying price
OMX Helsinki (HSE)	0.10%	2.00%	EUR 10.00	Up to 0.05% of the underlying price
OMX Stockholm (SSE)	0.10%	2.00%	SEK 65.00	Up to 0.05% of the underlying price
Oslo Stock Exchange (OSE)	0.10%	2.00%	NOK 65.00	Up to 0.05% of the underlying price
Sistema De Interconexion Bursatil Espanol (SIBE)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Swiss Exchange (SWX)	0.10%	2.00%	CHF 18.00	Up to 0.05% of the underlying price
Vienna Stock Exchange (VIE)	0.10%	2.00%	EUR 12.00	Up to 0.05% of the underlying price
Warsaw Stock Exchange (WSE)	0.45%	2.00%	PLN 80.00	Up to 0.05% of the underlying price
Australian Stock Exchange Ltd. (ASX)	0.10%	2.00%	AUD 10.00	Up to 0.05% of the underlying price
Hong Kong Stock Exchange (HKEX) **	0.25%	2.00%	HKD 90.00	Up to 0.05% of the underlying price
Singapore Exchange Securities Trading Limited (SGX-ST)	0.20%	2.00%	SGD 17.00	Up to 0.05% of the underlying price
Tokyo Stock Exchange (TYO)	0.15%	2.00%	JPY 1,000.00	Up to 0.05% of the underlying price

Contracts for Difference