

PRODUCT DISCLOSURE STATEMENT

FOREIGN EXCHANGE

Halifax Investment Services Limited

Australian Financial Services Licence No. 225973

Date 25th May 2010

IMPORTANT INFORMATION AND DISCLAIMER

Decisions to enter into transactions involving foreign exchange (“FX”) 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 FX contracts and 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 FX 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 FX products.

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

Halifax Investment Services Ltd (Halifax) 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 FX 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 25th May 2010 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).

This PDS has been prepared by Halifax as the Issuer of Over the Counter (“OTC”) contracts in derivatives and foreign exchange products.

The information in this PDS is general information only and does not take into account your personal objectives, financial situation and needs. This PDS is subject to the detailed provisions of the Client Services Agreement and the FSG. Before making a decision to acquire the FX 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 FX products is appropriate in view of your objectives, financial situation and needs.

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 27 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 dealings with us are set out in:

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

You will need to execute a Client Services Agreement by applying using 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 2001* (Cth) (“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.

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 FX products. When we use the term “you” we mean you as the user of our FX products. When we refer to “client” we mean you or another user our FX products as applicable.

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

OTC contracts can be highly leveraged and speculative with a high degree of risk. Potential investors should be experienced in FX contracts and derivative products or understand and accept the risks of investing in such products.

Before trading in the FX 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 products offered. You should also be aware of the risks involved and be satisfied that trading in our 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.

Foreign Exchange

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 FX Products this PDS Covers

This is a PDS for derivatives and foreign exchange products provided by Halifax. These are OTC contracts.

Foreign exchange is essentially exchanging one currency for another. The Exchange Rate is the price of one currency in terms of another currency such as the price of the Australian dollar ("AUD") in terms of the United States dollar ("USD"). For example, if the current Exchange Rate for the AUD as against the USD is AUD/USD 0.7000, this means that one AUD dollar is equal to, or can be exchanged for, 0.7000 USD or 70 US cents.

Halifax FX products do not result in the physical delivery of the currency, including some products which are deemed to be foreign exchange contracts. All of the FX products are cash adjusted or Closed Out by the client taking an offsetting opposite position i.e. there is not a physical exchange of one currency for another.

Our FX products are as follows:

- (i) **Margin FX Contracts** – Refer section 11 for additional details.
- (ii) **Options on Margin FX Contracts ("FX Option")** – Refer section 12 for additional details.

Each transaction which is agreed and entered into with a client will be entered into by Halifax as principal. Halifax makes a market in its 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 FX 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 and FX contracts. 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) securities; and
- (iv) miscellaneous financial investment products (limited to managed investment warrants).

In making a market in derivatives and FX contracts, Halifax offers Trading Platforms for clients to trade in its FX 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@halifaxonline.com.au
Website: www.halifax.com.au**

7. Purpose of Halifax's FX Products

People who trade in FX products may do so for a variety of reasons. Some trade for speculative purposes i.e. you may take a view of a particular market or the markets in general and therefore invest in our products according to this belief with a view to profiting from anticipated Exchange Rate fluctuations e.g. a short-term investor who is looking to profit from intra-day and overnight changes and movements in the FX markets. Such investors may have no need to take delivery of the currency they have bought, but may instead be looking to profit from anticipated market movements in the Currency Pair concerned.

Others trade FX products to hedge their FX exposures. For example, FX products can be used as a risk management tool to enable those with foreign currency exposures to protect themselves against adverse Exchange Rate movements. FX products enable movements in future Exchange Rates to be hedged and provide certainty of Exchange Rates and thus, the impact on the currency exposures. FX exposures may arise from a number of different activities. For example:

1. Companies or individuals who are dependent on overseas trade are exposed to currency risk. This can be to purchase (or sell) physical assets (such as machinery) or even financial products (such as investing in securities listed on an international exchange);
2. An exporter who sells their product priced in foreign currency has the risk that if the value of that foreign currency falls then the revenues in the exporter's home currency will be lower;
3. An importer who buys goods priced in foreign currency has the risk that the foreign currency will appreciate thereby making the cost, in local currency terms, greater than expected; or
4. A person going on a holiday to another country has the risk that if that country's currency appreciates against their own, their trip will be more expensive.

In each of the above examples, the person or the company is exposed to currency risk.

Currency risk is the risk that arises from international travelling or business which may be adversely affected by fluctuations in Exchange Rates. Halifax offers its clients the facility to buy or sell FX products to manage this risk.

This enables clients to protect themselves against adverse currency swings, yet secure enhanced Exchange Rates when offered, thereby protecting the profit margin made during the business transaction relating to the foreign currency trade or protecting the cost of the international holiday, in the case of the traveller. This is commonly referred to as a hedge transaction.

8. Key Features of FX Products

FX products are available in most currencies. FX is essentially about exchanging one currency for another at an agreed Exchange Rate. Accordingly, in every Exchange Rate quotation, there are two currencies.

The Exchange Rate is the price of one currency (the "base" currency) in terms of another currency (the "terms" currency) such as the price of the AUD in terms of the USD. For example, if the current Exchange Rate for the AUD as against the US dollar is AUD/USD 0.7000, this means that one AUD is equal to, or can be exchanged for, 70 US cents.

Unlike FX contracts traded on an exchange, OTC FX contracts are not standardised but are individually tailored to the particular requirements of the parties involved in the contract i.e. Halifax and the client.

The terms involved in the negotiation of the contract are:

- (a) the currencies to be traded;
- (b) the amount of such currencies;
- (c) the Maturity Date of the contract; and
- (d) the Exchange Rate at which such currencies are to be exchanged.

Other than Margin FX Contracts, contracts generally mature on an agreed and designated value date (which can be any business day acceptable to the two parties of the contract). In the case of Margin FX Contracts, these can be rolled indefinitely until you decide to Close Out the transaction.

When you trade, you may trade a combination of two currencies known as Currency Pairs. There is always a long (bought) and a short (sold) side to a trade, which means that you are speculating on the prospect of one of the currencies strengthening and one of them weakening.

Quotes

A FX quote e.g. AUD/USD "0.7010 / 0.7020" represents the bid/ask spread (in this case for AUD/USD). This quote means that you can:

- (a) buy AUD at 0.7020 against the USD; and/or
- (b) sell AUD at 0.7010 against the USD.

Points

It is arbitrary how many significant figures are used in an Exchange Rate quotation. The last decimal place to which a particular Exchange Rate is usually quoted is referred to as a "point" or "pip". For example:

- In the quotation USD 1=AUD 0.7050, one point or one pip means AUD 0.0001.
- In the quotation USD 1=JPY 102.50, one point or one pip means JPY 0.01.

Of note, all points (or pips) are **not** of equal value.

Calculating Profits and/or Losses

The profit or loss from a transaction is calculated by keeping the units of one of the currencies constant (the “base” currency) and determining the difference in the number of units of the other currency (the “terms” currency). The profit or loss will be expressed in the units of the currency which is not kept constant.

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 your Halifax representative to assist you in understanding the importance of and how to match and close out trades.

9. Key Benefits of trading in FX products

FX products provide important risk management tools for those who manage foreign currency exposures. Halifax offers its clients the ability to buy and sell foreign currency using Margin FX Contracts or FX Options. This enables clients to protect themselves against adverse currency market swings. The significant benefits of using FX products offered by Halifax as a risk management tool are to protect your exchange rate and provide cash flow certainty.

These and other benefits are as follows:

- **Protect an Exchange Rate** – Trading in FX products enables businesses and individuals to pay for goods or services denominated in a foreign currency and provides them with the ability to reduce or minimise the negative impact of adverse movements in the currency market on their personal or business costs by entering into appropriate FX transactions.
Halifax also offers you a way of managing adverse movements by using stop loss orders and limit orders that enables you to potentially protect yourself against adverse market swings yet secure enhanced Exchange Rates when favourable upside market movements occur. However, you should be aware that if you attempt to minimise downside risk by the use of stop loss orders when the Exchange Rate reaches a particular level there is no guarantee you will receive the stop loss price as requested. In addition, you may use limit orders which allows you the opportunity to benefit from favourable upside market movements. For more information on stop loss orders, limit orders and other order types, you are referred to Annexure B.
- **Provide cash flow certainty** – By agreeing on an Exchange Rate now for a time in the future you will determine the exact cost of that currency, thereby giving greater certainty over the flow of funds. This applies equally to deliverable and non-deliverable products. In the case of a non-deliverable product, any profit (or loss) you make using the Halifax FX products could be offset against the higher (or lower) price you physically have to pay (receive) for the foreign currency.
- **Speculation** – In addition to using FX products as a risk management tool, you can benefit by using the FX products offered by Halifax to speculate on changing Exchange Rate movements. You may take a view of a particular market, or the markets in general, and therefore invest in our FX products according to this belief in anticipation of making a profit.

- **Virtual 24 hour access to the FX markets** – When using the FX products offered by Halifax, you gain access to a highly advanced and multi-levelled system which is active and provides you with the opportunity to trade virtually 24 hours a day on any global market which is open for trading (refer section 16 of this PDS). As mentioned in section 16 of this PDS the Trading Platforms open on Monday at 5.00am Sydney AEST and closes at 5.00pm New York time Friday (8.00am Saturday Sydney AEST). This gives you a unique opportunity to react instantly to news that is affecting the markets. It should be noted however, that trading in the various Currency Pairs may be restricted to hours where liquidity is available for any given currency.
- **Profit potential in both rising and falling markets** – Since the currency markets are constantly moving, there are always trading opportunities, whether a currency is strengthening or weakening in relation to another currency. There is the potential for profit (and loss) in both rising and falling currency markets depending on the strategy you employ.
When you trade currencies, they literally work against each other. If the EURUSD (the Euro and USD Currency Pair) declines, for example, it is because the USD gets stronger against the EURO. So, if you think the EURUSD will decline (that is, that the Euro will weaken against the USD), you would sell EUR now and then later buy EUR back at a lower price and take your profits. The opposite trading scenario would occur if the EURUSD appreciates.
- **Superior liquidity** – The FX market is generally very liquid so in most instances there are generally buyers and sellers trading enabling Halifax to efficiently manage its risks by entering into transactions with its hedging counterparties. The liquidity of this market, particularly with respect to that of the major currencies, helps to ensure price stability and low spreads. The liquidity comes mainly from banks that provide liquidity to investors, companies, institutions and other currency market players.
- **Real time streaming quotes** – The Trading Platforms use sophisticated technologies in order to offer you up-to-the-minute quotes. You may check your accounts and positions in real time and you may do so virtually 24 hours a day on any market which is open for trading and make a trade based on real-time information. As mentioned in section 16 of this PDS the Trading Platforms open on Monday at 5.00am Sydney and close at 5.00pm New York time Friday (8.00am Saturday Sydney AEST). Halifax believes you must be able to control your funds whenever you wish and base your deals on real-time information.
- **Flexible** – The use of FX Options provides a degree of flexibility in decision making, by giving you time to decide whether or not to exercise the option. You should be aware though that you will pay a Premium for that flexibility (refer section 12.4 of this PDS for information regarding Premium).

- **Tailored** – A major benefit of entering into an OTC contract 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 transactions in small amounts and the settlement date is negotiable, whereas exchange traded products are a standard size and cannot be varied in duration. Margin FX Contracts can be rolled indefinitely until you decide to Close Out the transaction.
- **Leverage** – The use of FX Options and Margin FX Contracts involves a high degree of leverage. These contracts enable the user to outlay a relatively small amount (in the form of Premium (in the case of FX Options) or Initial Margin (in the case of Margin FX Contracts) to secure an exposure to the underlying currency without having to pay the full price of holding the physical currency. You can effectively take a position with the same result as purchasing or selling a currency for less 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 Premium or 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.

10. Significant risks

You should be aware that trading in the FX 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.

FX products carry a high degree of risk. Any transaction involving currencies is exposed to, among other things, changes in a country’s political condition, economic climate, acts of nature and so on, all of which may substantially affect the price or availability of a given currency.

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 B.

The following is a description of the significant risks associated with trading FX 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 13 of this PDS). Those additional funds may be substantial. If you fail to provide those additional funds, 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 FX products may not maintain their usual relationship with the underlying currency market.
- The FX 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 Exchange Rate 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 Exchange Rate reaches or goes through the Exchange Rate given by you.

- A high degree of leverage is obtainable in trading some of the FX 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 market could mean substantial gains when these fluctuations are in your favour, but that could also mean considerable losses if the fluctuations are to your detriment.

Trading in Margin FX Contracts offered by Halifax may result in the total loss of the amount you deposited with Halifax plus be liable for further losses.

If you propose to trade in FX Options, the maximum loss in buying an option is the amount of the Premium. Clients can generally only sell options to Close Out an open position i.e. clients are not permitted to grant or write options unless the prior approval of Halifax has been obtained.

10.2. General Risks

- **Your Money** – 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 18.1 of this PDS for additional information.
- **Market Risk** – There is no guarantee or assurance that you will make profits, or not make losses, or that any unrealised profits or losses will remain unchanged. Information about prices or rates may come from a number of sources and may not necessarily be current when provided to you. Halifax does not accept responsibility for this as it is impossible to guarantee prices based on a snap shot of your open positions until they are physically Closed Out and the price is determined.
- **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 these order types should be discussed with your Halifax representative.
- **Not a regulated market** – The FX 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).

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- **Foreign Currency instability** – Upon Closing Out an open position that is denominated in a currency other than the currency of your account, you will be able to request that the foreign currency balance be converted to the currency of your account. Any conversion will be at the Exchange Rate quoted by Halifax, and subject to the conversion fee (for more information see Section 19.3 of this PDS). Until the foreign currency balance is converted, fluctuations in the relevant Exchange Rate may affect the profit or loss made on the position. Once you have locked in your Exchange Rate you will not be able to take advantage of subsequent favourable Exchange Rate movements should that occur, in relation to your previous contract. On the other hand, you will be protected from any future adverse movements.
- **Market volatility** – FX products are subject to many influences which may result in rapid fluctuations in currency and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility. Given the potential levels of volatility in the FX markets, it is therefore recommended that you closely monitor your positions with Halifax at all times. FX products can be highly volatile and are very difficult to predict. Due to such volatility, no FX products offered by Halifax may be considered as a safe trade.

In certain market conditions such as during extreme price volatility in fast markets, quotes provided by Halifax may 'gap'. A gap means that a price may unexpectedly jump from one price level to another without trading at Exchange Rates in between those two price levels or quotes. It is not possible for us to predict when a price 'gap' will occur or by how much. Price gaps are generally a result of unexpected news or unknown data being released (e.g. news of terrorist attacks, revaluation of a currency, geopolitical upheaval or natural disasters).
- **Leverage** – Margin FX Contracts and FX Options carry a leverage risk. These contracts enable the user to outlay a relatively small amount (in the form of Premium (in the case of FX Options) or Initial Margin (in the case of Margin FX Contracts) to secure an exposure to the underlying currency without having to pay the full price of holding the physical currency. You can effectively take a position with the same result as purchasing or selling a currency for less outlay than the equivalent physical transaction and still potentially benefit from a price move. 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. Please note that it is possible to lose more than what you have actually invested.
- **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 B 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.
- **Under or Over Hedge Risks** – As a result of your own risk management procedures to match any exposure, you may direct Halifax to add to or Close Out some of your contracts. Please note you are responsible for the cost of any additional hedging of the contracts entered into for adjustment purposes.
- **Counterparty Risk** – Given you are dealing with Halifax as counterparty to every transaction, you will have an exposure to us in relation to each transaction. 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 transaction. Halifax may choose to limit 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. 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 18.2 of this PDS for further information.
- **Limited lifespan of options** – All FX Options have a limited lifespan and their value erodes as the option reaches its Expiry Date. It is therefore important to ensure the option selected meets your investment objectives.

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- **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 and procedures 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 FX 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 currency 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 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 (see section 19 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 your not being able to place an order through the Trading Platform.

- **Systems Risk** – Halifax is not responsible for any external disruptions such as your computer and internet service provider not being operational.
- **Use and Access to the Website** – You are responsible for providing and maintaining the means by which to access the Halifax website. While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing the website. If you are unable to access the internet and thus, our Trading Platforms, it will mean you are unable to trade in a FX product offered by Halifax when you wish to do so and you may suffer a financial loss or opportunity loss as a result. Furthermore, Halifax reserves the right to suspend the operation of our website or any part or sections of it. In such an event, Halifax may, at its sole discretion (with or without notice), Close Out your open positions at Exchange Rates it considers fair and reasonable at such a time and is not responsible for any loss that arises.
- **Trading Platform Closed** – Due to the dynamic nature of the FX markets, 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 FX 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.
- **Out of the Money FX Options** – This is a term used to describe a FX Option that cannot, at current Exchange Rates, be exercised at a profit e.g. a Call Option whose Strike Price is higher than the current market level or a Put Option whose Strike Price is below the current market level. A client contemplating purchasing a deep out-of-the-money option should be aware that the chance of such an option becoming profitable is generally remote.

- **Opportunity risk** – Fluctuations in the FX market means that there is a risk that you may not receive any benefit relative to not having entered into the FX product. Once you have entered into a transaction you will have locked in the Exchange Rate for your chosen Currency Pair and you will not be able to take advantage of subsequent favourable Exchange Rate movements should that occur, in relation to your existing open position. On the other hand, you will be protected from any adverse movements. You may still enter into other transactions at a more favourable Exchange Rate provided you are able to continue to meet your obligations to us.

If you buy a FX Option, the underlying movement in currency rates may not be enough to cover the cost of your option i.e. the Premium.

- **Basis Risk** – The terms of a particular transaction may not be a perfect hedge against a particular type of risk or exposure where you are using a FX product as a risk management tool. Even small differences between the terms of the transaction and the underlying currency to which the transaction relates may create a Basis Risk.
- **Transactions are not Transferable** – As each FX 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 FX product to any other person.
- **Other** – Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your trading in FX products offered by Halifax.

11. Margin FX Contracts

11.1. What is a Margin FX Contract?

A Margin FX Contract is a leveraged, rolling spot FX transaction between you and Halifax in relation to an agreed Currency Pair. Your Margin FX Contract may be rolled indefinitely provided that you continue to meet your Margin Requirements (refer section 13 of this PDS for additional explanation with respect to Initial Margin and Variation Margin obligations).

The underlying currency to which the Margin FX Contract applies is not deliverable. Unlike spot FX transactions, Margin FX Contracts do not involve an exchange of currencies at a future point in time. Rather, Margin FX Contracts involve taking forward positions in a foreign Currency Pair and instead of those contracts being settled by the exchange of the relevant currencies, the positions are Closed Out.

Closing Out an existing position involves you entering into an equal and opposite offsetting position with Halifax which generates a profit or loss on the transaction, which is then cash settled between you and Halifax i.e. your account will be either credited or debited according to the profit or loss of the transaction. The resulting profit or loss of the trade that has been generated is the net result of the difference between the opening and closing Exchange Rates of each Margin FX Contract.

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.

11.2. How is the Exchange Rate Calculated?

Halifax cannot predict future Exchange Rates and our quotations are not a forecast of where we believe a FX rate will be at a future date. The decision to transact at a particular Exchange Rate will generally be the client's decision. However, for example, Halifax may Close Out a client's open position if the client fails to meet their Margin Requirements. In this situation, the decision to transact at a particular Exchange Rate would be at Halifax's discretion.

The price to be paid or received for FX products offered by Halifax, at the time the product is purchased or sold, will be based on the price Halifax is quoted from its hedging counterparties which is a complex calculation based on estimates of market prices and the expected level of interest rates, implied volatilities and other market conditions during the life of the FX product and is based on a complex arithmetic calculation.

Every transaction entered into with a client is hedged with a counterparty, namely the counterparty (or service provider) who has provided Halifax with the relevant Trading Platform. Refer to section 15 of this PDS for additional information with respect to our Trading Platforms.

Halifax does not provide a market amongst or between clients for investments or speculations. Each product purchased (or sold) by a client is an individual agreement made between that client and Halifax and is not transferable, negotiable or assignable to or with any third party.

12. FX Options

12.1. What is a FX Option?

The buyer of an option acquires the right, but not the obligation, to buy or sell a specific amount of one currency for another at a predetermined price and date in the future.

The client specifies the Exchange Rate at which they want to purchase or sell the currency ("Strike Price" or "Exercise Price") and they determine the date on which the FX Option will expire ("Maturity Date" or "Expiry date"). If a FX Option is not exercised on the Expiry Date, it will lapse.

To facilitate the FX Option deal, the client is required to pay an amount ("Premium") to Halifax. Paying the Premium allows the client to keep the FX Option until its Maturity Date, or to sell it at any given point of time prior to its Maturity Date.

Refer to section 12.4 of this PDS for an explanation as to how Halifax determines the amount of the Premium.

You, as the holder of a FX Option, have the right, but not the obligation, to exercise the FX Option on the Expiry Date. Thus, you will usually only exercise the FX Option where it is "in the money" (refer section 12.5 of this PDS for additional explanation).

12.2. Types of Options Generally

There are two types of options – Call Options and Put Options. Where you acquire the right to buy the specified currency you are acquiring a Call Option. Where you acquire the right to sell the specified currency you are acquiring a Put Option.

Clients of Halifax can generally only sell FX Options to Close Out an open position i.e. clients are not permitted to grant or write options unless the prior approval of Halifax has been obtained. This is on the basis that a seller of any FX Option has unlimited risk.

12.3. Styles of Options

There are two types of option styles known as American-style and European-style. American-style options can be exercised on any business day prior to the Expiry Date whereas European-style options can only be exercised on the Expiry Date.

FX Options traded with Halifax are European-style i.e. may only be exercised at the Expiry Date and this results in cash adjustment between the Strike Price and the current market price as determined by Halifax.

12.4. How is the Premium determined?

To buy a FX Option you are required to pay to the seller (Halifax) a Premium. The Premium is the compensation for Halifax accepting the risk involved in selling the FX Option. The full value of the Premium is payable to Halifax immediately upon executing the FX Option. This means that sufficient cleared funds must be deposited in your account with Halifax before you can trade.

Paying the Premium will allow you to keep the FX Option until its Maturity Date (where it can either be exercised or it will lapse) or to sell it at any given point of time prior to its Maturity Date i.e. Close Out the open position. Halifax determines the amount of the Premium at which we are willing to grant the FX Option (i.e. sell the FX Option to you), To determine the amount of the Premium, Halifax will consider a range of factors including:

- (i) the current Exchange Rates in the underlying FX markets;
- (ii) the nominated Expiry Date;
- (iii) the nominated Exercise Price;
- (iv) the expected volatility of the underlying currency; and
- (v) the interest rates of the two currencies in the Currency Pair.

The Premium is comprised of two elements known as intrinsic value and time value.

Intrinsic value is the difference between the current price and the Exercise Price at any point in time (for American-style options). For example, a Call Option will have intrinsic value at a particular point in time when the current price is above the Exercise Price (because the buyer of the option (where it is an American-style option) could exercise the right at that particular point in time to purchase the specified currency at the Exercise Price and then resell the currency at the current price, thus realising a profit). On the other hand, a Put Option will have intrinsic value only when the current price is below the Exercise Price (because the buyer of the option (where it is an American-style option) could exercise the right at that point in time to sell the specified currency at the Exercise Price and then purchase the currency at the spot price, thus realising a profit).

European-style options (i.e. those offered by Halifax) still have intrinsic value and you can still profit by Closing Out your FX Option at the current price (as opposed to exercising the FX Option which is only possible on the Expiry Date).

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Time value is more complex. When the Premium quoted of a FX Option is greater than its intrinsic value, it is because it has time value. Time value is determined by five variables: the current (spot) or underlying Exchange Rate, the expected volatility of the underlying currency, the Exercise Price, time to the Expiry Date, and the difference in the rate of interest that can be earned by the two currencies. Time value falls toward zero as the Expiry Date approaches. Interest rate differentials between the relevant countries and temporary supply/demand imbalances can also have an impact on the amount of the Premium.

The risk of the buyer of a FX Option is limited to loss of the Premium paid.

12.5. “In the money”, “at the money” and “out of the money”

A FX Option is referred to as “in the money” when it has intrinsic value and “out of the money” when it does not. “At the money” means the current price is the same as the Exercise price.

	Call FX Option	Put FX Option
Current or spot Exchange Rate is greater than the Strike Price or Exercise price	in the money	out of the money
Current or spot Exchange Rate is the same as the Strike Price or Exercise price	at the money	at the money
Current or spot Exchange Rate is less than the Strike Price or Exercise price	out of the money	in the money

Just because a FX Option is out of the money at a particular point in time does not mean it does not have value. That is because it may still have time value i.e. time until Expiry Date in which the underlying Exchange Rate may move in your favour.

12.6. Selling FX Options

As noted in section 10.1 of this PDS, Halifax does not generally permit clients to sell FX Options (other than to Close Out existing open positions) to Halifax unless the prior approval of Halifax has been obtained. This will only be provided if you can satisfy Halifax that you are a professional trader.

12.7. FX Options traded with Halifax

FX Options can be purchased by you in a variety of Currency Pairs. For information on the Currency Pairs in which Halifax is prepared to deal at any point in time, we refer you to Annexure A.

Trading in FX Option contracts involves significant risk. FX Options 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).

13. Margin Obligations

Margin FX Contracts 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.

13.1. Types of Margin

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

Initial Margin

When you enter or open a Margin FX Contract, 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.

Depending on the Currency Pair traded, and the market volatility, the Initial Margin will typically be between 1% and 10% of the face value of the Margin FX 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 Margin FX Contract. This means that sufficient cleared funds must be deposited in your account with Halifax before you can trade.

Please find attached as Annexure A the indicative Initial Margin levels as at the date of this PDS. These should be used as a guide only as they may change without notice.

Variation Margin

As the face value of your Margin FX Contracts will constantly change due to changing market conditions, 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 in 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 positions which is equal to the dollar value movement of your Margin FX Contracts calculated from the Exchange Rate at which you entered the Margin FX Contract compared against the current market value. 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 13.2 of this PDS for additional information regarding notifications regarding 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.

13.2. 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.

13.3. 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 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 a 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.

13.4. 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 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, meeting Margin Calls immediately.

13.5. 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 requires 3 business days' clearance for personal cheques and 1 business day's 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 Margin FX Contract may be Closed Out see section 12 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 (IEFT)** – 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 EFT, Halifax will determine this as cleared funds. Unfortunately, as IEFT, 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 EFT 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 EFT facilities to Halifax.

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

14. How the Halifax FX Products are traded

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

Clients primarily transact in our products using online Trading Platforms provided by Halifax. Accordingly, clients are provided with direct access to our quoted prices over the internet.

In addition, we refer you to our FSG which describes other ways in which you can give us instructions to trade.

We have provided some examples on our website at www.halifax.com.au to help illustrate how the FX products offered by Halifax work. These examples are illustrations only and actual results may differ.

15. 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 its FX products 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 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. Gain Capital	www.gaincapital.com
3. Halifax Option Trader (HOT)**	www.halifax.com.au
4. Deal Book 360	www.gftforex.com
5. FX Direct Dealer	www.fxdd.com
6. Forex Capital Markets	www.fxcm.com
7. Interbank FX	www.ibfx.com
8. Dukascopy	www.dukascopy.com

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

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

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

16. Trading Hours

From Monday to Friday, Halifax operates 24 hour a day with the Trading Platforms opening on Monday at 5.00am Sydney AEST and closing at 5.00pm New York (GMT) time Friday (8.00am Saturday Sydney AEST). 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 the website.

17. Trading Examples

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

18. Clients' Money

18.1. 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 clients' 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.

18.2. 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 FX 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 a Margin FX Contract to buy USD100,000 and sell AUD at 0.7000 Halifax, as the market maker to you, will sell USD100,000 and buy AUD at 0.0700. To protect its exposure, Halifax will hedge that position with the client by buying USD100,000 and selling AUD at 0.0700 with a hedging counterparty.

It is possible that this hedging counterparty may become insolvent whilst controlling your money. 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.

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

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

PRODUCT DISCLOSURE STATEMENT

The hedging counterparties which Halifax deals with are:

National Australia Bank Limited	www.nab.com.au
Macquarie Group Limited	www.macquarie.com
UBS AG	www.ubs.com
Global Futures & Forex Ltd (GFT)	www.gftforex.com
Saxo Bank A/S	www.saxobank.com
DeutscheBank AG	www.deutscheBank.com
Interactive Brokers LLC	www.interactivebrokers.com
Westpac Banking Corporation Limited	www.westpac.com.au
Commonwealth Bank of Australia Limited	www.commBank.com.au
Bank of Western Australia Limited	www.Bankwest.com.au
FX Direct Dealer	www.fxdd.com
Forex Capital Markets	www.fxcm.com
Interbank FX, LLC (IBFX)	www.ibfx.com
Dukascopey (Suisse) SA	www.dukascopey.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.

Foreign Exchange

19. Charges, fees and other amounts payable

Fees and charges, once agreed, will be charged to your account at the time your transaction is executed. Relevant fees and charges can be found by accessing Halifax's FSG 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.

19.1. Transaction Fee

We charge a transaction fee on each FX product executed with you where the transaction has a face value of less than USD50,000. This is similar to commission. Where the transaction has a face value of greater than USD50,000, no transaction fee is charged as Halifax receives a rebate from its hedging counterparties based on the volume of transactions in excess of USD50,000 and this is how Halifax generates part of its income.

The standard transaction fee you will be charged on each transaction with a face value of less than USD50,000 can vary between 1 and 100 basis points (i.e. 0.01% to 1%) of the face value of the transaction amount.

Following is an example of how a transaction fee might be charged to you:

- Margin FX Contract – assume the face value (in this case the same as the contract value) is \$40,000 and you have negotiated a transaction fee of 50 basis points (i.e. 0.50%). The transaction fee would be \$200. This transaction fee is only charged when the Margin FX Contract is initially opened and not each day when it is rolled. For roll over fees, refer to section 19.2 of this PDS.
- FX Option – assume the face value of the underlying Margin FX Contract is \$40,000 and you have negotiated a transaction fee of 25 basis points (i.e. 0.25%) in addition to the Premium. The transaction fee would be \$100.

The transaction fee must be paid to us immediately upon execution of the trade, and will be deducted from your account in accordance with the Client Services Agreement.

19.2. Roll Over Fee

You will be charged a 'roll over' fee with respect to Margin FX Contracts when your transaction is rolled. This means that open positions held at the end of the business day will be rolled over and remain open until the end of the next business day (unless the position is Closed Out. Your Margin FX Contract may be rolled indefinitely provided that you continue to meet your Margin Requirement.

The roll over fee will depend on the interest rate differential between the two currencies in the Currency Pair of your transaction. Whether you incur a cost or receive a benefit will depend on whether you hold a long (bought) or short (sold) position and also which currency has the higher yield (i.e. interest rate).

If the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn the roll over fee (positive roll). If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay the roll over fee (negative roll).

Following is how a roll over fee might be charged to you.

- If you have a long AUD/USD Margin FX Contract (i.e. you have bought the AUD against the USD) and interest rates are higher in Australia than in the USA then you will receive interest at the 'roll over rate' if you hold the position overnight and do not Close Out before the settlement time. This is because you are holding the higher yielding currency.
- However, if the US interest rate is higher than the Australian interest rate and if you hold the position overnight and do not Close Out before the settlement time then you will be required to pay interest at the roll over rate. This is because you are holding the lower yielding currency.
- There is also a financing cost that you will receive or pay for the unrealised profit/loss attributed to the Open Position. This will be calculated by using the End of Day profit/loss and the prevailing interest rate for the relevant Currency Pair.

We have provided some examples on our website at www.halifax.com.au to help illustrate how the roll over fee is calculated and how it can impact on the financial results of your transactions. These examples are illustrations only and actual results may differ.

The roll over fee (i.e. the interest that you pay or receive) is actually reflected in the price at which the open position is rolled to the next business day (i.e. it is included in the price or Exchange Rate at which the contract is rolled) and is not an additional fee or charge.

19.3. Conversion fee

You will be charged a conversion fee when converting currencies to the currency in which the client's account is denominated. This occurs each time there is a conversion from trade currency (denominated in the term of the Currency Pair) 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 foreign exchange product that is denominated in a currency other than the account currency, all Margin Requirements, profits and losses will be converted to the account currency. This is performed automatically. For example, if you transact in a foreign exchange product that 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:

AUD/JPY	= 0.012413
Adjustment 0.50%	= 0.012413 x 0.50%
	= 0.000062065
Rate used to convert	= 0.012413 – 0.000062065
	= 0.01235094

Example 2

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

AUD/JPY	= 0.012413
Adjustment 0.50%	= 0.012413 x 0.50%
	= 0.000062065
Rate used to convert	= 0.012413 + 0.000062065
	= 0.01247506

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%).

19.4. Order over the Telephone

Halifax may charge you a fee at its sole discretion of an amount not exceeding the maximum fee (i.e. 100 basis points or 1%), for accepting an instruction from you over the telephone to transact. This fee will not be charged in the event the relevant Trading Platforms are not available.

19.5. Margin Requirement

Where you enter a Margin FX Contract 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.

19.6. 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 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).

PRODUCT DISCLOSURE STATEMENT

20. 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).

21. Protection against Fraudulent activity

If there is fraudulent activity by one of Halifax's employees, directors, authorised representatives or an unrelated party 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.

Forex													Account currency:	
Instrument	B/S	Order Type	Venue	Order #	Trade Date	Value Date	Amount	Price	Conversion Rate	Traded Value	Commission	Total Fees	Booked Amount	
USDCHF	Bought	N/A	OTC		26-Nov-2008 11:24	28 Nov 2008	10,000	1.19281	1.280672	11,928.10	-11.90 CHF	-15.24	-15.24	
GBPUSD	Sold	N/A	OTC		26-Nov-2008 11:28	28 Nov 2008	5,000	1.53116	1.526293	7,655.80	-10.00 USD	-15.26	90.10	
CADUSD	Sold	N/A	OTC		26-Nov-2008 21:48	28 Nov 2008	15,000	0.8120	1.526244	12,180.00	-10.00 USD	-15.26	511.92	
CADUSD	Bought	N/A	OTC		26-Nov-2008 21:49	28 Nov 2008	7,500	0.8128	1.542000	6,096.00	-10.00 USD	-15.42	-15.42	
AUDUSD	Sold	N/A	OTC		27-Nov-2008 21:07	01 Dec 2008	25,000	0.65745	1.515019	16,436.25	-10.00 USD	-15.15	935.57	
AUDUSD	Bought	N/A	OTC		27-Nov-2008 21:06	01 Dec 2008	12,500	0.65817	1.530000	8,227.13	-10.00 USD	-15.30	-15.30	
EURUSD	Sold	Stop	OTC		28-Nov-2008 12:17	02 Dec 2008	7,000	1.2750	1.534918	8,925.00	-10.00 USD	-15.35	-202.61	
GBPUSD	Sold	N/A	OTC		30-Nov-2008 21:25	03 Dec 2008	15,000	1.59597	1.570000	23,045.55	-10.00 USD	-15.70	-15.70	
USDCHF	Bought	N/A	OTC		30-Nov-2008 21:26	03 Dec 2008	10,000	1.21338	1.301653	12,133.80	-12.10 CHF	-15.75	-15.75	
AUDUSD	Sold	Stop	OTC		01-Dec-2008 10:21	03 Dec 2008	12,500	0.8395	1.569922	7,993.75	-10.00 USD	-15.70	-380.33	
XAGUSD	Sold	Stop Bid	OTC		01-Dec-2008 10:30	03 Dec 2008	250	9.8992	1.569948	2,472.55	-10.00 USD	-15.70	-274.71	
CADUSD	Sold	Stop Bid	OTC		02-Dec-2008 18:57	03 Dec 2008	7,500	0.7979	1.563450	5,984.25	-10.00 USD	-15.63	-189.47	
CADUSD	Sold	Stop Offer	OTC		02-Dec-2008 19:05	03 Dec 2008	15,000	0.7952	1.563000	11,928.00	-10.00 USD	-15.63	-15.63	

Foreign Exchange

22. 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 and, as such, depending on the source, could determine the quality of advice, following is a list of current providers of this Market Information:

• Australian Financial Review	www.afr.com.au
• Your Trading Edge	www.yte.com.au
• Bloomberg LP	www.bloomberg.com
• Thomson Reuters	www.reuters.com
• Interactive Brokers LLC	www.interactivebrokers.com
• Global Futures & Forex Ltd	www.gft.com.au
• IRESS Market Technology Ltd	www.iress.com.au
• Gain Capital Group Incorporated	www.gaincapital.com
• Macquarie Group Limited	www.macquarie.com.au/mq/prime/home.htm
• Pats Systems PLC	www.patsystems.com
• Barclays Capital (Barx System)	www.barx.com
• Deutsche Bank AG (Autobahn)	www.autobahn.db.com
• Interbank FX, LLC (IBFX)	www.ibfx.com
• Dukascopy (Suisse) SA	www.dukascopy.com
• Various financial web sites globally	
• Various financial news network's including CNBC, Bloomberg	
• Various Australian and global newspapers	
• Various specific industry notable individuals	
• 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 either 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.

23. Cooling Off Arrangements

There are also no cooling-off arrangements for the FX products offered by Halifax. This is consistent with other product issuers in similar products. This means that when you enter into a transaction for an FX 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).

24. Taxation Implications

Trading in FX 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.

25. 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@halifaxonline.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.

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

26. 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**.

27. Glossary of Terms

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

AFS: Australian Financial Services Licence.

American Option: An option which can be exercised at the Exercise Price on, or before, the Expiry Date.

ASIC: Australian Securities and Investments Commission.

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

AUD: Australian Dollars.

Basis Risk: This is the risk associated with imperfect hedging using derivatives. It could arise because of the difference between the asset whose price is to be hedged and the asset underlying the derivative or because of a mismatch between the expiration date of the derivative and the actual selling date of the asset. Under these conditions, the spot price of the asset, and the derivatives price do not converge on the expiration date of the derivatives. The amount by which the two quantities differ measures the value of the basis risk. That is, $\text{basis} = \text{spot price of hedged asset} - \text{derivatives price of contract}$.

Call Option: An option which gives the buyer the right, but not the obligation, to buy the underlying asset, contract or commodity from the seller at (in the case of a European Option) (or before, in the case of an American Option) a future point in time (the Expiry Date) at a pre-defined price (the Exercise Price or Strike Price).

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

Close Out: To close out an existing open position by entering into an equal and opposite offsetting position with Halifax. To close out a bought or long position requires selling, and closing out a sold or short position requires buying. For example, if you bought 100,000 USDJPY, you would have to sell 100,000 USDJPY to close out the position.

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

Currency Pair: Two currencies involved in a foreign exchange transaction – e.g. EUR/USD.

European Option: An option which can only be exercised at the Exercise Price or Strike price on the Expiry Date or Maturity Date.

Exchange Rate: The price at which one currency can be bought or sold in exchange for another currency at an agreed rate. An exchange rate is the price of one currency relative to the price of another currency. For example, the current exchange rate for AUD as against the USD may be AUD/USD 0.7000. This means that one (1) AUD is equal to, or can be exchanged for, 0.70 USD or 70 cents.

Exercise Price: The price at which the buyer of an option may buy or sell the as defined in the terms of the Option contract.

Expiry Date: In relation to an option, the date on which the option expires or matures. This is also referred to as the Maturity Date.

FX: Foreign exchange.

FSG: Financial Services Guide.

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

Margin Requirements: The total Initial Margin and Variation Margin obligations with respect to open positions.

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 FX Contract: A FX product offered by Halifax as described in section 11.1 of this PDS.

Market Information: 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.

Maturity Date: In relation to an option, the date on which an option matures or expires. This is also referred to as the Expiry Date.

OTC: Over the counter (not dealt or listed on an 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.

Premium: The price of an option i.e. the amount the option buyer pays and the option seller receives for the rights conveyed by the option.

Put Option: An option where the buyer has the right, but not the obligation, to sell the underlying asset, contract or commodity at (in the case of European Options) or before (in the case of American Options) a future point in time (the Expiry Date or the Maturity Date) at a pre-defined price (the Exercise Price or the Strike Price).

Strike Price: In relation to an option, the price at which an option may to be exercised. This is also referred to as the Exercise Price.

USD: United States Dollar.

Trading Platform: An electronic trading platform which enables clients to access and trade in our FX products and as described in section 15 of this PDS.

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

PRODUCT DISCLOSURE STATEMENT

ANNEXURE A

CURRENCY PAIRS OFFERED BY HALIFAX AND THE INDICATIVE INITIAL MARGIN LEVELS ON EACH

The following table provides indicative Initial Margin levels only. We refer to the Initial Margin schedule on our website for the Initial Margin levels applicable at any particular time.

Currency Pair	Sector	Margin Requirement 1)
		Initial / Weekdays / Weekends
AUDCAD	Major	2.0 / 2.0 / 2.0 %
AUDCHF	Major	2.0 / 2.0 / 2.0 %
AUDCZK	Major	4.0 / 4.0 / 4.0 %
AUDDKK	Major	2.0 / 2.0 / 2.0 %
AUDEUR	Major	2.0 / 2.0 / 2.0 %
AUDGBP	Major	2.0 / 2.0 / 2.0 %
AUDHUF	Major	4.0 / 4.0 / 4.0 %
AUDJPY	Major	2.0 / 2.0 / 2.0 %
AUDMXN	Minor	8.0 / 8.0 / 8.0 %
AUDNOK	Major	2.0 / 2.0 / 2.0 %
AUDNZD	Major	2.0 / 2.0 / 2.0 %
AUDPLN	Major	4.0 / 4.0 / 4.0 %
AUDSEK	Major	2.0 / 2.0 / 2.0 %
AUDSGD	Major	2.0 / 2.0 / 2.0 %
AUDTRY	Exotic	8.0 / 8.0 / 8.0 %
AUDUSD	Major	2.0 / 2.0 / 2.0 %
AUDZAR	Minor	8.0 / 8.0 / 8.0 %
CADCHF	Major	2.0 / 2.0 / 2.0 %
CADJPY	Major	2.0 / 2.0 / 2.0 %
CADMXN	Minor	8.0 / 8.0 / 8.0 %
CADNOK	Major	2.0 / 2.0 / 2.0 %
CADPLN	Major	4.0 / 4.0 / 4.0 %
CADTRY	Exotic	8.0 / 8.0 / 8.0 %
CADUSD	Major	2.0 / 2.0 / 2.0 %
CHFAUD	Major	2.0 / 2.0 / 2.0 %
CHFCZK	Major	4.0 / 4.0 / 4.0 %
CHFDKK	Major	2.0 / 2.0 / 2.0 %
CHFHUF	Major	4.0 / 4.0 / 4.0 %
CHFJPY	Major	2.0 / 2.0 / 2.0 %
CHFMXN	Minor	8.0 / 8.0 / 8.0 %
CHFNOK	Major	2.0 / 2.0 / 2.0 %
CHFPLN	Major	4.0 / 4.0 / 4.0 %

Currency Pair	Sector	Margin Requirement 1)
		Initial / Weekdays / Weekends
CHFSEK	Major	2.0 / 2.0 / 2.0 %
CHFSGD	Major	2.0 / 2.0 / 2.0 %
CHFSKK	Minor	4.0 / 4.0 / 4.0 %
CHFTRY	Exotic	8.0 / 8.0 / 8.0 %
CHFUSD	Major	2.0 / 2.0 / 2.0 %
CHFZAR	Minor	8.0 / 8.0 / 8.0 %
DKKCZK	Major	4.0 / 4.0 / 4.0 %
DKKHUF	Major	4.0 / 4.0 / 4.0 %
DKKJPY	Major	2.0 / 2.0 / 2.0 %
DKKPLN	Major	4.0 / 4.0 / 4.0 %
DKKSGD	Major	2.0 / 2.0 / 2.0 %
DKKZAR	Minor	8.0 / 8.0 / 8.0 %
EURAUD	Major	2.0 / 2.0 / 2.0 %
EURCAD	Major	2.0 / 2.0 / 2.0 %
EURCHF	Major	2.0 / 2.0 / 2.0 %
EURCZK	Major	4.0 / 4.0 / 4.0 %
EURDKK	Major	2.0 / 2.0 / 2.0 %
EURGBP	Major	2.0 / 2.0 / 2.0 %
EURHKD	Major	4.0 / 4.0 / 4.0 %
EURHUF	Major	4.0 / 4.0 / 4.0 %
EURJPY	Major	2.0 / 2.0 / 2.0 %
EURMXN	Minor	8.0 / 8.0 / 8.0 %
EURNOK	Major	2.0 / 2.0 / 2.0 %
EURNZD	Major	2.0 / 2.0 / 2.0 %
EURPLN	Major	4.0 / 4.0 / 4.0 %
EURRUB	Major	8.0 / 8.0 / 8.0 %
EURSEK	Major	2.0 / 2.0 / 2.0 %
EURSGD	Major	2.0 / 2.0 / 2.0 %
EURSKK	Minor	4.0 / 4.0 / 4.0 %
EURTRY	Exotic	8.0 / 8.0 / 8.0 %
EURUSD	Major	2.0 / 2.0 / 2.0 %
EURZAR	Minor	8.0 / 8.0 / 8.0 %
GBPAUD	Major	2.0 / 2.0 / 2.0 %
GBPCAD	Major	2.0 / 2.0 / 2.0 %
GBPCHE	Major	2.0 / 2.0 / 2.0 %
GBPCZK	Major	4.0 / 4.0 / 4.0 %
GBPDKK	Major	2.0 / 2.0 / 2.0 %
GBPEUR	Major	2.0 / 2.0 / 2.0 %
GBPHUF	Major	4.0 / 4.0 / 4.0 %
GBPILS	Minor	8.0 / 8.0 / 8.0 %
GBPJPY	Major	2.0 / 2.0 / 2.0 %

Foreign Exchange

PRODUCT DISCLOSURE STATEMENT

Foreign Exchange

Currency Pair	Sector	Margin Requirement 1)
		Initial / Weekdays / Weekends
GBPMXN	Minor	8.0 / 8.0 / 8.0 %
GBPNOK	Major	2.0 / 2.0 / 2.0 %
GBPNZD	Major	2.0 / 2.0 / 2.0 %
GBPPLN	Major	4.0 / 4.0 / 4.0 %
GBPSEK	Major	2.0 / 2.0 / 2.0 %
GBPSGD	Major	2.0 / 2.0 / 2.0 %
GBPSKK	Minor	4.0 / 4.0 / 4.0 %
GBPTRY	Exotic	8.0 / 8.0 / 8.0 %
GBPUSD	Major	2.0 / 2.0 / 2.0 %
GBPZAR	Minor	8.0 / 8.0 / 8.0 %
HKDJPY	Major	4.0 / 4.0 / 4.0 %
JPYDKK	Major	2.0 / 2.0 / 2.0 %
JPYNOK	Major	2.0 / 2.0 / 2.0 %
JPYUSD	Major	2.0 / 2.0 / 2.0 %
MXNJPY	Minor	8.0 / 8.0 / 8.0 %
NOKDKK	Major	2.0 / 2.0 / 2.0 %
NOKJPY	Major	2.0 / 2.0 / 2.0 %
NOKSEK	Major	2.0 / 2.0 / 2.0 %
NOKUSD	Major	2.0 / 2.0 / 2.0 %
NZDAUD	Major	2.0 / 2.0 / 2.0 %
NZDCAD	Major	2.0 / 2.0 / 2.0 %
NZDCHF	Major	2.0 / 2.0 / 2.0 %
NZDCZK	Major	4.0 / 4.0 / 4.0 %
NZDDKK	Major	2.0 / 2.0 / 2.0 %
NZDEUR	Major	2.0 / 2.0 / 2.0 %
NZDGBP	Major	2.0 / 2.0 / 2.0 %
NZDHUF	Major	4.0 / 4.0 / 4.0 %
NZDJPY	Major	2.0 / 2.0 / 2.0 %
NZDMXN	Minor	8.0 / 8.0 / 8.0 %
NZDNOK	Major	2.0 / 2.0 / 2.0 %
NZDPLN	Major	4.0 / 4.0 / 4.0 %
NZDSEK	Major	2.0 / 2.0 / 2.0 %
NZDSGD	Major	2.0 / 2.0 / 2.0 %
NZDTRY	Exotic	8.0 / 8.0 / 8.0 %
NZDUSD	Major	2.0 / 2.0 / 2.0 %
NZDZAR	Minor	8.0 / 8.0 / 8.0 %
PLNDKK	Major	4.0 / 4.0 / 4.0 %
PLNJPY	Major	4.0 / 4.0 / 4.0 %
PLNSEK	Major	4.0 / 4.0 / 4.0 %
SEKDKK	Major	2.0 / 2.0 / 2.0 %
SEKJPY	Major	2.0 / 2.0 / 2.0 %

Currency Pair	Sector	Margin Requirement 1)
		Initial / Weekdays / Weekends
SEKNOK	Major	2.0 / 2.0 / 2.0 %
SEKPLN	Major	4.0 / 4.0 / 4.0 %
SGDHKD	Major	4.0 / 4.0 / 4.0 %
SGDJPY	Major	2.0 / 2.0 / 2.0 %
TRYDKK	Exotic	8.0 / 8.0 / 8.0 %
TRYJPY	Exotic	8.0 / 8.0 / 8.0 %
USDAED	Minor	4.0 / 4.0 / 4.0 %
USDBHD	Minor	4.0 / 4.0 / 4.0 %
USDCAD	Major	2.0 / 2.0 / 2.0 %
USDCHF	Major	2.0 / 2.0 / 2.0 %
USDCZK	Major	4.0 / 4.0 / 4.0 %
USDDKK	Major	2.0 / 2.0 / 2.0 %
USDHKD	Major	4.0 / 4.0 / 4.0 %
USDHUF	Major	4.0 / 4.0 / 4.0 %
USDILS	Minor	8.0 / 8.0 / 8.0 %
USDJOD	Minor	4.0 / 4.0 / 4.0 %
USDJPY	Major	2.0 / 2.0 / 2.0 %
USDKWD	Minor	4.0 / 4.0 / 4.0 %
USDMXN	Minor	8.0 / 8.0 / 8.0 %
USDNOK	Major	2.0 / 2.0 / 2.0 %
USDOMR	Minor	4.0 / 4.0 / 4.0 %
USDPLN	Major	4.0 / 4.0 / 4.0 %
USDQAR	Minor	4.0 / 4.0 / 4.0 %
USDRUB	Major	8.0 / 8.0 / 8.0 %
USDSAR	Minor	4.0 / 4.0 / 4.0 %
USDSEK	Major	2.0 / 2.0 / 2.0 %
USDSGD	Major	2.0 / 2.0 / 2.0 %
USDSKK	Minor	4.0 / 4.0 / 4.0 %
USDTRY	Exotic	8.0 / 8.0 / 8.0 %
USDZAR	Minor	8.0 / 8.0 / 8.0 %
XAGAUD	Major	4.0 / 4.0 / 4.0 %
XAGEUR	Major	4.0 / 4.0 / 4.0 %
XAGHKD	Major	4.0 / 4.0 / 4.0 %
XAGJPY	Major	4.0 / 4.0 / 4.0 %
XAGUSD	Major	4.0 / 4.0 / 4.0 %
XAUAUD	Major	4.0 / 4.0 / 4.0 %
XAUEUR	Major	4.0 / 4.0 / 4.0 %
XAUHKD	Major	4.0 / 4.0 / 4.0 %
XAUJPY	Major	4.0 / 4.0 / 4.0 %
XAUUSD	Major	4.0 / 4.0 / 4.0 %
ZARJPY	Minor	8.0 / 8.0 / 8.0 %

ANNEXURE B

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 B 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 FX products offered by Halifax (refer to section 11.2 of this PDS for a description of how the Exchange Rate quoted by Halifax is calculated). There is no pre-determined percentage or amount by which the quoted price of a FX 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 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 price (Exchange Rate) at which Halifax is willing to deal (for more information on how Halifax determines its prices for its FX products refer to section 11.2 of this PDS). 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.

2.2. Market-on-Open orders

This is an order type generally used in exchange traded products only and is not necessarily applicable to the FX products offered by Halifax.

A Market-on-Open order is an order placed with the aim of executing a trade at a price within the opening range i.e. to buy/sell at the beginning of a Halifax trading session at a price within the opening range.

2.2.1. Market-on-Open (buy) orders

A Market-on-Open buy order will be filled if the market opens (for example the foreign exchange market in New York) 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

A Market-on-Open sell order will be filled if the market opens (for example the foreign exchange market in New York) 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

This is an order type generally used in exchange traded products only and is not necessarily applicable to the FX products offered by Halifax.

A Market-on-Close order is an order placed with the aim of executing a trade at a price within the closing range i.e. to buy/sell at the end of a Halifax trading session at a price within the closing range.

2.3.1. Market-on-Close (buy) orders

A Market-on-Close buy order will be filled if the market closes (for example the foreign exchange market in New York) 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

A Market-on-Close sell order will be filled if the market closes (for example the foreign exchange market in New York) 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

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 FX products will be filled if the price offered by Halifax on the relevant Trading Platform is traded 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 FX products may be filled if the price quoted for the relevant Currency Pair 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 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 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.

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 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, the market must trade at a particular price before your order is executed.

You must specify a Currency Pair for Market if Touched orders. Once this trigger price has traded in 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.

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 market moves favourably for an open position or to potentially limit the loss if the market 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 B 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 B 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 B 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 equivalent of 5.00pm New York time (GMT) on the day of placement of the order.

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 market after 5.00pm New York time (GMT) 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 5.00pm New York time (GMT).

A Day Trade is a set of executed transactions that result in a position being opened in a FX 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 16 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 above. For more detailed explanation you are referred to section 2 of this Annexure B 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 at a price within the opening range.
Market-on-Close	MOC	To buy/sell at the market price at a price at the end of a trading session at a price within the closing range.
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 on the relevant Trading Platform.
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.