

PRODUCT DISCLOSURE STATEMENT

FUTURES CONTRACTS AND OPTIONS CONTRACTS

Halifax Investment Services Limited

Australian Financial Services Licence No. 225973

Date 31st July 2009

IMPORTANT INFORMATION AND DISCLAIMER

Decisions to enter into transactions involving Futures Contracts and Option Contracts are very important. They often have significant risks and consequences. Refer to section 9 for more information about significant risks in trading Futures Contracts and Option Contracts.

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 Futures Contracts and Option Contracts.

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

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

Halifax also recommends that you consider seeking financial, legal, taxation and other professional advice to ensure that you fully understand Futures Contracts and Option Contracts 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 31st July 2009 and is issued by Halifax Investment Services Ltd (“Halifax”). Halifax is an unlisted Australian public company (ABN 52 096980522) that holds an Australian Financial Services (“AFS”) Licence issued by the Australian Securities and Investments Commission (“ASIC”) (AFS Licence Number 225973).

Halifax acts as agent and broker on your behalf when you trade in Futures Contracts and Option Contracts. Futures Contracts and Option Contracts are derivatives. Under the *Corporations Act 2001* (Cth) (“Corporations Act”), Halifax is regarded as the issuer of these derivatives. Thus, this PDS has been prepared by Halifax as the issuer of the Futures Contracts and Option Contracts.

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 financial products described in this PDS you should read this PDS, the FSG and Client Services Agreement and be satisfied that any trading you undertake in relation to those Futures Contracts and/or Option Contracts 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 26 of this PDS).

2. Terms and Conditions

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

- your Client Services Agreement with us;
- any supplementary terms for particular financial products such as the terms for Futures Contracts and Option Contracts which are generally set out in the operating rules of the relevant Futures Exchange. You should refer to the website of the relevant Futures Exchange for information, details of contracts available for trading, contract specifications, operating rules, pricing information and clearing arrangements applicable to that Futures Exchange. If you are unable to access the relevant website, please contact us and we will endeavour to make the information available to you through other means; and
- any supplementary terms for any electronic Trading Platform which you use to transmit your orders.

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

3. The Purpose of this PDS

Under the Corporations Act, a retail client must receive a PDS from an AFS Licensee before acquiring a financial product. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of the financial products covered by the PDS. 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 the products covered in it 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 Futures Contracts and Option Contracts. When we use the term “you” we mean you as the applicant for or holder of Futures Contracts and Option Contracts covered by this PDS. When we refer to “client” we mean you or another applicant for or holder of Futures Contracts and Option Contracts covered by this PDS.

This PDS is an important document and provides you with key information about the Futures Contracts and Option Contracts covered by this PDS.

Futures Contracts and Option Contracts can be highly leveraged and speculative with a high degree of risk. Potential investors should understand and accept the risks of investing in Futures Contracts and Option Contracts (i.e. derivative products).

Before trading in the Futures Contracts and Option Contracts 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 covered by this PDS. You should also be aware of the risks involved and be satisfied that trading in these products is suitable for you in view of your financial circumstances.

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

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

Other Jurisdictions

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

4. Changes to this PDS

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

5. The Products this PDS Covers

This PDS covers:

- **Exchange traded futures contracts** (both deliverable and cash-settled, "Futures Contracts") – refer section 10 for additional details; and
- **Exchange traded options** ("Options Contracts") – refer section 11 for additional details.

A Futures Contract is an agreement, traded on a Futures Exchange, either to buy or to sell a specific quantity or a specific product ("Underlying Instrument") for settlement on a specified date. Settlement can be via physical delivery or cash settlement. The Underlying Instrument may be, but is not limited to, a security (such as a share), index, commodity, currency or other financial product.

From the buyer's viewpoint, an Option Contract gives the buyer the right, not the obligation, to acquire an Underlying Instrument at the prescribed Exercise (Strike) Price of the Option Contract in return for payment of a Premium. From the seller's viewpoint, the seller has no right other than a right to the Premium. Where the Underlying Instrument is a Futures Contract, the seller will be under an obligation to enter into a Futures Contract at the Exercise Price of the Option Contract if the Option Contract is validly exercised by the buyer.

Future Contracts and Option Contracts are derivatives that are traded on Australian and overseas Futures Exchanges. Some stock exchanges also offer Future Contracts and Option Contracts. Halifax deals in Futures Contracts and Option Contracts traded on a number of Futures Exchanges, including the Sydney Futures Exchange Limited ("SFE"), the Chicago Board of Trade, the New York Board of Trade and the London International Financial Futures Exchange. We refer you to our website which contains a list of the various Futures Exchanges on which Halifax will accept orders from clients to trade together with links to the website of each Futures Exchange.

This PDS does not cover derivatives traded as over-the-counter ("OTC") products (also known as off-market derivatives).

Further information concerning Futures Contracts and Option Contracts traded on the SFE can be found in the SFE booklet "Introduction to Futures and Options", which is available from the SFE's website (refer to www.asx.com.au). Similarly, further information concerning such products traded on ASX can be found on the ASX website (also www.asx.com.au).

6. About Halifax

Halifax acts as agent and broker on your behalf when you trade in Futures Contracts and Option Contracts referred to in this PDS. Under the Corporations Act, Halifax is regarded as the issuer of the Futures Contracts and Option Contracts. In accordance with its AFS Licence, Halifax is authorised by ASIC to advise and deal, for both retail and wholesale clients, in derivatives (including Futures Contracts and Option 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;
- (iv) foreign exchange products; and
- (v) miscellaneous financial investment products (limited to managed investment warrants).

In addition, Halifax is authorised to make a market to both retail and wholesale clients in derivatives and foreign exchange contracts. This activity is conducted in OTC products and these products are not covered by this PDS.

Each transaction in Futures Contracts or Option Contracts is entered into by Halifax as agent and broker on behalf of its clients.

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
Level 29, 20 Bond Street
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 Futures Contracts and Option Contracts

Futures Contracts and Option Contracts are generally used for one of two purposes – hedging or speculating.

Futures Contracts and Option Contracts can provide those who deal in the Underlying Instrument with a facility for managing the risks associated with changing prices for those investments. This strategy is known as hedging.

Futures Contracts and Option Contracts are also traded by speculators, who trade in the anticipation of profiting purely from changing prices in the Underlying Instrument.

8. Key Benefits of Trading in Futures Contracts and Option Contracts

Futures Contracts and Option Contracts provide important risk management tools for investors. The significant benefits of using these products are as a risk management tool and to enable investors to hedge their investments against a drop in value.

This and other benefits are as follows:

- **Hedging** – As a risk management tool, investors can hedge (protect) their portfolio from a drop in value. For example, selling Futures Contracts or purchasing Put Options allows investors to hedge against a fall in the value of the Underlying Instrument.
- **Leverage** – The initial outlay for a Futures Contract or an Option Contract is not as much as investing directly in the Underlying Instrument. In the case of individual share Futures Contracts (which are traded on the SFE), trading can enable investors to benefit from a change in the price of the underlying share without having to pay the full price of the share. An investor can therefore purchase a Futures Contract or an Option Contract (representing a larger quantity of the Underlying Instrument) for less outlay and still benefit from a price move in the Underlying Instrument. The ability to make a higher return for a smaller initial outlay is called leverage. However, you need to understand that leverage can also produce increased risks (for more information on leverage risk see section 9 of this PDS).
- **Limited counterparty risk** – There is limited counterparty risk when trading Futures Contracts and Option Contracts as the Clearing House for the relevant Futures Exchange stands behind the Contract guaranteeing performance of the transaction (for more information on Clearing Houses see section 10.4 of this PDS).

- **Close Out** – Due to the system of registration and novation referred to in section 10.4, Closing Out can be achieved without going back to the original party with whom the Futures Contract or Option Contract was traded. This is a major difference between OTC derivatives products and exchange traded derivatives.
- **Range of market positions and strategies** – Futures Contracts and Option Contracts do not require a rising market to make money. You can profit from both rising and falling markets depending on the strategy you have employed. Strategies may be complex and will have different levels of risk associated with each strategy.
- **Flexibility** – There is also some flexibility of entering and exiting the market prior to expiry of a position. This enables you to take a view on market movements and trade accordingly. In addition, the variety of Futures Contracts and Option Contracts combinations allows investors to develop strategies regardless of the direction of the market.
- **Standardisation** – Futures Contracts are standardised and interchangeable, meaning that Futures Contracts of a particular class are perfect substitutes for each other. A consequence of contract standardisation is that the price is the only factor that remains to be determined in the marketplace. Since all Futures Contracts for a given future month in the same market are interchangeable, they can be Closed Out against an opposite position in the same contract. A trader who has bought a given Futures Contract can cancel the position by selling the same contract. The net result is that the trader no longer holds a position. Similarly, a trader who has sold a given Futures Contract can cancel the position by buying the same contract. The principle of standardisation also applies to trading in Option Contracts i.e. Option Contracts of a particular class are perfect substitutes for each other. A trader who has bought (or sold) an Option Contract can Close Out their position by selling (or buying) the same contract.
- **Speculation** – You can earn income by selling (or granting or writing) Call Options. As a writer of Option Contracts, you will receive the Premium based on the mark to market valuation of the Option Contract (and not the full value of the Premium upfront). We refer to section 12 of this PDS for an explanation of 'mark to market'.

9. Significant Risks

You should be aware that trading in Futures Contracts and Option Contracts involves risks. It is important that you carefully consider whether trading in such products is appropriate for you in light of your investment objectives, financial situation and needs.

Futures Contracts and Option Contracts carry a high degree of risk. If you trade Futures Contracts or Option Contracts denominated in currencies other than Australian dollars you may lose money due 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 recommends that you do not risk money that you are not in a position to lose and that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop loss orders. For more information on stop loss orders and other order types, you are referred to Annexure A of this PDS).

The following is a description of the significant risks associated with trading Futures Contracts and Option Contracts.

9.1. General Risks

- **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 snapshot 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.

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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 18.3 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.
- **Other risks relating to foreign currency** – If you instruct Halifax to effect a transaction denominated in a foreign currency (for example a transaction on an overseas Futures Exchange), Halifax may need to convert the AUD it receives from you into foreign currency to meet the margin obligations arising in respect of the transaction. Similarly, if you are resident overseas and instruct Halifax to effect a transaction denominated in AUD, Halifax may need to convert the foreign currency into AUD. Dealing in foreign currency related transactions can expose you to foreign exchange risks between the time the transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including, for example, interest rates, currency supply and demand and actions of government. There is always operational risk in a foreign exchange transaction. For example, disruptions in our operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction.
- **Market volatility** – Futures Contracts and Option Contracts are subject to many influences which may result in rapid fluctuations in the Underlying Instrument and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility. Given the potential levels of volatility in the Futures Contracts and Option Contracts markets, it is therefore recommended that you closely monitor your open positions at all times. Futures Contracts and Option Contracts can be highly volatile and are very difficult to predict. Due to such volatility, no Futures Contracts and Option Contracts may be considered as a safe trade.

In certain market conditions such as during extreme price volatility in fast markets, prices on the Futures Exchange may 'gap'. A gap means that a price may unexpectedly jump from one price level to another without trading at prices in between those two price levels. It is not possible 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** – Futures Contracts and Option Contracts carry a leverage risk. These contracts enable the user to outlay a relatively small amount (in the form of Premium (in the case of Option Contracts) or Initial Margin (in the case of Futures Contracts) to secure an exposure to the Underlying Instrument without having to pay the full price of holding the Underlying Instrument. You can effectively take a position with the same result as purchasing or selling the Underlying Instrument 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, leverage also increases risks and can magnify losses. Please note that it is possible to lose more than what you have actually invested.
- **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.
- **Limited lifespan of options** – All options (including Option Contracts) have a limited lifespan and their value erodes as the option approaches its Expiry Date. It is therefore important to ensure the option selected meets your investment objectives.
- **Electronic Trading Platforms** – 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 ensures the systems are regularly updated and maintained. Halifax has been operating various Trading Platforms since 2005. Additional Trading Platforms may be offered from time to time at the discretion of Halifax. Trading on the Trading Platforms may differ from trading on electronic trading systems offered by other providers.

A disruption to the Trading Platforms could mean you are unable to trade 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 balance of your account to be insufficient to meet your future Margin Requirements.
2. Product type – this could occur for example if the Futures Contract or Option Contract you wished to trade 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 you may incur an additional fee. This fee will not be any more than the maximum fee Halifax charges (refer section 18 of this PDS).

- **Systems Risk** – Halifax is not responsible for any external disruptions such as your computer or internet service 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 Futures Contracts and Option Contracts when you wish to do so (other than by telephone, email or facsimile but only during business hours) 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 of it. In such an event, Halifax may, at its sole discretion (with or without notice), Close Out your open positions by transmitting an order for execution on the relevant Futures Exchange and is not responsible for any loss that arises.

- **Your Money** – Funds deposited with Halifax are deposited into our client trust account or client segregated account. Notwithstanding, your funds are at risk in the event of another client default as individual client funds are not separated from each other. We refer you to section 17.1 of this PDS for additional information.
- **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 Futures Contract or an Option Contract as a risk management tool. Even small differences between the terms of the transaction and the value of the Underlying Instrument may create a basis risk.
- **Other** – Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your trading in Futures Contracts and Option Contracts.

9.2. Specific Risks associated with Derivatives

Derivative markets can be highly volatile. Accordingly, the risk of loss in trading in derivatives (which includes Futures Contracts and Option 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 Futures Contract or Option Contract. Your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have deposited with us. In this situation Halifax will require those funds to be paid immediately.
- If the market moves against your position, you will be required to deposit additional funds in order to maintain your position i.e. to 'top up' your account (refer to section 12 of this PDS). Those additional funds may be substantial. If you fail to provide those additional funds, 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 other contracts or Closing Out existing positions (refer section 9.1 of this PDS under the heading "Market Risk").

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- Under certain market conditions the prices of Futures Contracts and Option Contracts may not maintain their usual relationship with the value of the Underlying Instrument.
- Futures Contracts and Option Contracts involve risk. However, the placing of contingent orders such as a stop loss order may potentially limit your loss. A stop loss order shall be executed at or near the price or 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 price or rate reaches or goes through the price or rate specified by you.
- A high degree of leverage is obtainable in trading Futures Contracts and Option Contracts 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 Futures Contracts and Option Contracts may result in the total loss of the amount you deposited with Halifax plus you may be liable for further losses.

- 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.
- The maximum loss in buying an Option Contract is the amount of the Premium, but the risks in selling an Option Contract are the same as in other Futures Contract trading, that is, they are unlimited. Option Contracts have a limited life span as their value erodes as the Option Contract approaches its Expiry Date. Hence, it is important to ensure that the Option Contract selected meets your investment objectives.
- The Futures Exchanges and Clearing Houses have discretionary powers in relation to the market and operation of facilities, for example, power to suspend trading, restrict exercise, impose position limits, and terminate open positions, etc, in order to ensure fair and orderly markets are maintained.
- Participation in Futures Contracts and Option Contracts on a Futures Exchange outside Australia involves the execution and clearing of trades subject to the rules of that non-Australian Futures Exchange and the laws of the country in which that Futures Exchange is domiciled. Neither ASIC nor the ASX regulate activities of foreign Futures Exchanges, including the execution, delivery and clearing of transactions, nor do they have the power to compel enforcement of the operating rules of a foreign Futures Exchange or any applicable foreign laws.

Generally, the foreign transaction will be governed by applicable foreign law. This is true even if the Futures Exchange is formally linked with a Futures Exchange in Australia. Moreover, such rules and regulations will vary depending on the foreign country in which the transaction occurs. If you trade on foreign Futures Exchanges you may not have the benefit of protective measures provided by the Corporations Act. In particular, your funds may not be subject to the same protections afforded by Australian client trust or segregated client account controls (client trust accounts) nor the benefit of the SFE's fidelity funds.

- A client may incur losses that are caused by matters outside Halifax's control. For example, a regulatory authority exercising its powers during a market emergency may result in losses for the client. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled. This could also result in a loss to the client.

10. Key Features of Futures Contracts

10.1. What is a Futures Contract?

We refer to section 5 of this PDS for an explanation of what a Futures Contract is.

10.2. Types of Futures Contracts

There are two main types of Futures Contracts. These are:

- **Deliverable Futures Contracts** – where the seller agrees to deliver to the buyer and the buyer agrees to take delivery of, the quantity of the Underlying Instrument (such as a security) at the time the Futures Contract expires.
- **Cash settled Futures Contracts** – where the two parties make a cash adjustment between them at the time the Futures Contract expires according to whether the price of the Underlying Instrument (such as a security, financial instrument or index) has risen or fallen since the time the arrangement was made.

A Futures Contract's terms are generally set out in the operating rules of the relevant Futures Exchange on which the contract was made, which might be in Australia or overseas. There may, however, be differences in procedures and regulation of markets from one country to another and one Futures Exchange to another.

10.3. The duration and standardised nature of Futures Contracts

Futures Contracts may be made for periods of up to several years in the future. Part of the standardisation of Futures Contracts is that the contract maturity dates follow a predetermined cycle. For example, in the SPI-200® Futures Contract traded on the SFE, Futures Contracts can be made for settlement only in March, June, September or December, but for up to 18 months from the time of the trade.

As mentioned in section 8 above, Futures Contracts traded on a Futures Exchange are standardised and interchangeable, meaning that Futures Contracts of a particular class are perfect substitutes for each other. A consequence of contract standardisation is that the price is the only factor that remains to be determined in the marketplace (other than volume and the contract maturity dates). On the SFE and ASX, Futures Contracts are quoted and traded on an electronic Trading Platform, which provides a system of continuous price discovery. This means that the price at which trades take place may continually change throughout a trading session. Most international Futures Exchanges also provide electronic Trading Platforms for trading.

Since all Futures Contracts for a given future month in the same market are interchangeable, they can be Closed Out against an opposite position in the same contract. A trader who has bought a given Futures Contract can cancel the position by selling the same contract. The net result is that the trader no longer holds a position. Similarly, a trader who has sold a given Futures Contract can cancel the position by buying the same contract.

In each case there will be a profit or loss equal to the difference between the buying and selling prices multiplied by the standard contract amount – minus any transaction costs. In practice, the vast majority of Futures Contracts are offset in this manner ahead of the Settlement Date, the remainder being fulfilled by delivery or cash settlement at the Settlement Date.

10.4. The role of the Clearing House

Futures Exchanges generally have a Clearing House. Clearing Houses clear and settle Futures Contracts executed on the Futures Exchange. The primary role of the Clearing House is to guarantee the settlement of obligations arising under the Futures Contracts registered with it. This means that when your broker (such as Halifax) buys or sells a Futures Contract on your behalf, neither you nor your broker needs to be concerned with the credit worthiness of the broker taking the other side of the contract. See below for further discussion on the novation process that occurs at the Clearing House.

The Clearing House will never deal directly with you, rather the Clearing House will only ever deal with its Clearing Participants – that is your broker (where your broker is a Clearing Participant), or where your broker is not a Clearing Participant, (as is the case with Halifax) your broker's Clearing Participant.

The SFE's Clearing House is SFE Clearing Corporation Pty Limited. The ASX's Clearing House is Australian Clearing House Pty Limited ("ACH").

When a Futures Contract is registered with the Clearing House, it is novated. This means that the Futures Contract between the two brokers who made the trade is replaced by one contract between the buying broker (or its Clearing Participant) and the Clearing House as seller and one contract between the selling broker (or its Clearing Participant) and the Clearing House as buyer.

In simple terms, the Clearing House becomes the buyer to the selling broker, and the seller to the buying broker.

You, as the client, are not party to either of those Futures Contracts. Although Halifax (as your broker) may act on your instructions or for your benefit, the rules of the Clearing House provides that any contract arising from an order submitted to the market is regarded as having been entered into by the executing broker as principal. Upon registration of the contract with the Clearing House in the relevant Clearing Participant's name, that Clearing Participant will incur obligations to the Clearing House as principal, even though the trade was entered into on your instructions.

The Clearing House ensures that it is able to meet its obligation to Clearing Participants by calling margin to cover any unrealised losses in the market (for more information on Margin Requirements see section 12 of this PDS).

Generally your Futures Contracts (and those of our other clients) will be held separately from Futures Contracts entered into by us on our own account. If we were to default on our obligations to our clearing broker in respect of our own Futures Contracts, your Futures Contracts will not be used to meet our default. Rather, the clearing broker will either Close Out your open positions or attempt to transfer them to another broker.

10.5. Closing Out

Due to the system of registration and novation referred to above in section 10.4, Closing Out can be achieved without going back to the original party with whom the Futures Contract was traded. This is a significant benefit of exchange traded products compared to OTC products.

When an existing buyer sells to Close Out their open position, the sale transaction is registered with the Clearing House in the manner described above. For example, if A was to sell to B at \$100 per unit, the Clearing House would become the buyer to A and the seller to B. If B sells to C for \$120 per unit, the Clearing House is now novated as the buyer to B and the seller to C. A would therefore have an open sold position and C would have an open bought position. B no longer has a position and has therefore realised a profit of \$20 per unit (ignoring transaction fees).

The Futures Contracts which B held (one to buy and one to sell) have been settled in cash between B and the Clearing House. B simply receives the net profit. Any profit due to B is paid out by the Clearing House in cash, even though the original seller (A) remains in the market.

10.6. Valuation of Futures Contracts

The calculation for determining the value of a Futures Contract is set out in the operating rules of the relevant Futures Exchange. As Futures Contracts are standardised, the Underlying Instrument for a particular Futures Contract will always be the same.

For example, a Futures Contract where the underlying Instrument is gold, each Futures Contract traded on the New York Mercantile Exchange will be 100 ounces. Thus, if you buy a gold Futures Contract at a price of USD800 it will have a value of USD80,000 (i.e. 1000 x USD800). If the price of gold increases to USD850, it will have a value of USD85,000 and thus, if you were to Close Out that Futures Contract you would realise a gross profit of USD5,000. Any brokerage, fees and charges (as well as applicable taxes) would still need to be deducted to calculate your actual profit.

10.7. Settlement

If you have a deliverable Futures Contract open at the close of trading on the last day of trading in respect of that Futures Contract, you will be under an obligation to deliver, or take delivery of and pay the contract price in full for, the Underlying Instrument described in the Futures Contract.

It is Halifax's policy not to permit its clients to make or take delivery under a deliverable Futures Contract. If you wish us to vary our policy, and you specifically wish to make or take delivery you must obtain our prior written consent. It is your responsibility to monitor your open positions as the deliverable Futures Contract approaches Settlement Date and to Close Out any open position at least two weeks prior to the Settlement Date. Halifax reserves the right, in its absolute discretion, to Close Out any open position you hold in a deliverable Futures Contract if you have not Closed Out that Futures Contract.

If you have a cash-settled Futures Contract open at the close of trading on the last day of trading in respect of the relevant Futures Contract, you will be under an obligation to pay or have a right to receive an amount of money depending on the price movement.

11. Key Features of Option Contracts

Option Contracts are distinguished from options over equities which are traditionally traded on stock exchanges. Several features referred to in section 10 of this PDS with respect to the key features of Futures Contracts are also applicable to Option Contracts and these are not repeated here. We refer to sections 10.3, 10.4 and 10.5).

The following information is included to explain the specific nature of an Option Contract and the obligations assumed by a person who enters into an Option Contract.

9.2. What is an Option Contract?

We refer to section 5 of this PDS for an explanation of what an Option Contract is.

9.3. Styles of Options

There are two types of option styles known as American-style and European-style.

European Options can only be exercised on the Expiry Date and not before. American Options can be exercised at any day up until and including the Expiry Date. Option Contracts traded on the SFE are American Style Options and may be exercised at any time before the Expiry Date. As noted, because ASX Option Contracts can be exercised at any time before the Expiry Date, the seller of an Option Contract must be prepared for that Option Contract to be exercised any time before the Expiry Date.

You should clarify whether the Option Contract you intend to trade is an American or European style option prior to entering into the transaction as the operating rules of the relevant Futures Exchange you are trading on may differ according to the Option Contract in which you are dealing.

9.4. Types of Option Contracts generally

There are two types of Option Contracts – Call Options and Put Options.

A Call Option gives the buyer the right to buy a specified quantity of the Underlying Instrument at a designated price at (in the case of a European Option) or before the Expiry Date of the Option Contract (in the case of American Option Contracts). The seller of a Call Option has the obligation to provide the Underlying Instrument if the Option Contract is exercised by the buyer.

A Put Option gives the buyer the right to sell (in the same market) a specified quantity of the Underlying Instrument at the Exercise Price. The seller of a Put Option has the obligation to purchase the Underlying Instrument if the Put Option is exercised by the buyer. Each Put Option or Call Option has a buyer and a seller.

9.5. Exercising Call Options and Put Options

The diagram below sets out the results from the buyer's and seller's viewpoint when the buyer exercises a Call Option or Put Option:

Buyer		Seller	
Bought Call Option ->	Bought Futures contract (at the Exercise Price of the option)	Sold Call Option ->	Sold Futures Contract (at the Exercise Price of the option)
Bought Put Option ->	Sold Futures Contract (at the Exercise Price of the Option Contract)	Sold Put Option ->	Bought Futures Contract (at the Exercise Price of the Option Contract)

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

An Option Contract 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 Strike (Exercise) Price.

An out-of-the-money option is, in relation to a Call Option, if the Strike Price is higher than the current market price level of the Underlying Instrument and, in relation to a Put Option, if the Strike Price is below the market price level of the Underlying Instrument.

A client contemplating purchasing a deep out-of-the-money option (i.e. an Option with a Strike Price significantly above, in the case of a Call Option, or significantly below, in the case of a Put Option, the current price) should be aware that the chance of such an Option Contract becoming profitable is generally remote.

You should also note that:

- (1) When you buy an Option Contract you may lose the entire Premium paid as the Option Contract may expire without being exercised by you in which case the Option Contract is worthless.
- (2) When you sell an Option Contract, although you receive the Premium up-front, you are exposed to potential losses in the future in the event that the price of the Underlying Instrument moves against your position.

Just because an Option Contract 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 the Expiry Date in which the price of the Underlying Instrument may move in your favour.

9.1. How is the Premium determined?

The price to be paid or received in relation to an Option Contract is the Premium. It is negotiated between the buyer and seller of the Option Contract via the market, and is payable by the buyer to the seller (through the Clearing House) at the time the Option Contract is entered into. The Premium is the compensation for the seller accepting the risk involved in selling the Option Contract. The full value of the Premium is payable immediately upon executing the Option Contract. 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 or hold the Option Contract until its Maturity Date (when 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. The value of an Option Contract will fluctuate during the life of the Option Contract depending on a number of factors, including:

- (i) the price of the Underlying Instrument or level of the underlying index;
- (ii) the nominated Expiry Date and the time remaining to expiry;
- (iii) the nominated Exercise Price;
- (iv) the volatility of the Underlying Instrument or index; and
- (v) interest rates, dividends and other distributions paid or payable in respect of the Underlying Instrument and general risks applicable to markets.

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 Futures Contract at the Exercise Price, and then resell the Futures Contract 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 Futures Contract at the Exercise Price and then purchase the Futures Contract at the spot price, thus realising a profit).

Option Contracts traded on the SFE are American style options and accordingly they may be exercised at any time before the expiry date. Therefore, the seller of an Option Contract must be prepared for that Option Contract to be exercised any time before the Expiry Date.

Time value is more complex. When the Premium quoted of an Option Contract is greater than its intrinsic value, it is because it has time value. Time value is determined by five variables: the current (spot) price of the Futures Contract, the expected volatility of the Underlying Instrument, the Exercise Price, time to the Expiry Date, and the difference in the rates of interest that can be earned. Time value falls toward zero as the Expiry Date approaches. Interest rate differentials and temporary supply/demand imbalances can also have an impact on the amount of the Premium.

The risk of the buyer of an Option Contract is limited to loss of the Premium paid.

11.7. Settlement

The settlement of Options Contracts is more complex than settlement of Futures Contracts. In respect of the SFE, Option Contracts which are in-the-money or at-the-money are automatically exercised by the Clearing House. The resulting position is settled as a Futures Contract or in some cases another type of Underlying Instrument. Not all exchanges automatically exercise at-the-money or in-the money options at expiry, particularly US exchanges. You should check this with us before the Expiry Date.

12. Margin Obligations

Futures Contracts and sold Option 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. Bought Option Contracts are not subject to margin obligations as the buyer of an Option Contract is required to pay the full value of the Premium at the time the Option Contract is acquired. However, the seller of the Option Contract is entitled to receive a portion of the Premium based on the mark to market valuation of the Option Contract (i.e. the seller of an Option Contract does not receive the full value of the Premium upfront).

As noted above, the Clearing House contracts with Clearing Participants as principals. Where a Clearing Participant has an exposure under an open Futures Contract to the Clearing House, the Clearing House will call amounts of money known as margin from the Clearing Participant as cover. Margins are generally a feature of all exchange-traded derivative products (including Futures Contracts and Option Contracts) and are designed to protect the Clearing House against default. A margin is the amount calculated by the Clearing House as necessary to cover the risk of financial loss on an open exchange-traded derivatives contract due to an adverse market movement.

The relevant Clearing House calculates margin amounts using computerised systems which take into account a range of variables. Amounts of margin are determined daily by the Clearing House, following the close of trading each day. In times of extreme volatility an intra-day margin call may be made by the Clearing House.

You should visit the websites of the relevant exchanges and Clearing Houses for further details of the relevant margining requirements applicable to them. Our website (www.halifax.com.au) contains links to the website of each Futures Exchange on which Halifax will accept orders from clients to trade.

12.1. Types of Margin

There are two components of the Margin Requirement which you may be required to pay in connection with Futures Contracts. This can be either Initial Margin and/or Variation Margin.

Initial Margin

As described above, the amount of the Initial Margin is set by the Clearing House (or, in some cases, the Futures Exchange or both). Initial Margin will vary from time to time according to the volatility of the market. This means that an Initial Margin may change after a position has been opened, requiring a further payment (or refund, where applicable) unless you hold excess. Initial margins are carefully calculated to cover the maximum expected movement in the market from one day to the next.

When you enter or open a Futures 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 the Clearing House.

The Initial Margin will typically be between 2% and 10% of the face value of the Futures Contract. However, it is possible for Initial Margins to be above this range. The amount may change at any time and at the discretion of the relevant Clearing House (or the relevant Futures Exchange, in some cases) and you should refer to the website of the relevant Clearing House or Futures Exchange to confirm the actual requirement for your proposed transaction at any particular time.

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

Variation Margin

Variation margin is determined by reference to the market value of the particular position at the close of business each day. In other words, each contract is effectively marked to market on at least a daily basis. Marked to market means that an open position is revalued on a daily basis to the current market price. The difference between the current day's valuation compared to the previous day's valuation is the amount which is debited (in the case of unrealised losses) or credited (in the case of unrealised profits) to your account. The valuations are calculated using the settlement price (at the close of trading on each day) of the Futures Contract or Option Contract (in the case of sold Option Contracts) as determined by the relevant Futures Exchange or relevant Clearing House.

As the face value of your Futures 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 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 Futures Contracts calculated from the rate at which you entered the Futures Contracts 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 12.2 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 various financial products, then Margin Calls are netted across the group of open positions. In other words, the unrealised profits of one transaction can be used or applied as Initial Margin or Variation Margin for another transaction.

12.2. Notifications regarding Margin Requirements

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

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

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

12.3. Failing to meet a Margin Call

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

Halifax will automatically, without requiring further instruction from you, apply funds that you have deposited with Halifax to meet your Margin Requirements. For this reason, you must ensure that you have sufficient funds 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, Halifax may Close Out some or all of your open positions at the risk of generating a loss which is greater than the value of your account. Please note that this could be immediate if certain global events occur (for more information about risks see section 9 of this PDS).

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

12.4. How Margin Calls are to be met

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

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

12.5. How to deposit money with Halifax

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

In practical terms, you also need to know and prepare yourself for the methods of depositing money in response to a Margin Call as this may determine if some or all of your open positions are Closed Out (for more information about when an open position may be Closed Out see section 12.3 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.

13. How Futures Contracts and Option Contracts are Traded

When trading the Futures Contracts and Option Contracts you should be aware of the risks and benefits and review examples of how these products can be traded.

Halifax offers a number of Trading Platforms for clients to place orders to trade in Futures Contracts and Option Contracts. Accordingly, clients are provided with direct access to 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 Futures Contracts and Option Contracts work. These examples are illustrations only and actual results may differ.

14. Electronic Trading Platforms

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

As noted in section 13 above, Halifax offers its clients a number of electronic Trading Platforms for them to place orders to trade in Futures Contracts and Option Contracts. 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:

Halifaxonline*	www.halifax.com.au
Ninja trader	www.ninjatrader.com
Strategy Runner	www.strategyrunner.com
x Trader	www.tradingtechnologies.com/xtrader.aspx
Interactive Brokers	www.interactivebrokers.com
Gain Capital	www.gaincapital.com
Web based iress	www.iress.com.au
Halifax Option Trader (HOT)**	www.interactivebrokers.com
Macquarie Prime	www.macquarie.com.au/mq/prime/home.htm
Deal Book 360	www.gftforex.com
Pats Systems	www.patsystems.com
Infinity Futures	www.infinityfutures.com

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

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

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

15. Trading Hours

The trading hours during which you can trade in various Futures Contracts and Option Contracts will depend on the relevant Futures Exchange on which they are traded. We refer you to the relevant Futures Exchange website (a list of which is available on our website at www.halifax.com.au or by contacting Halifax – refer section 6 for our contact details).

16. Trading Examples

When trading Futures Contracts and Option Contracts, you should be aware of the risks and benefits and review examples of how these 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 Futures Contracts and Option Contracts may work. As these 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 your trade(s). Furthermore, the figures used do not reflect your personal circumstances and do not constitute general or personal financial product advice.

17. Clients' Money

17.1. Client Trust Account

Funds paid to Halifax by you are first deposited into a client trust account or segregated 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 defaults in the client trust account. Such defaults may arise from trading by one client or any other clients;
- ACH and SFE Clearing have the right to apply all monies in the Client Clearing Account (or House Clearing Account) that they hold in the name of our various clearing brokers to meet any liabilities in the Client Clearing Account; and
- assets in the client trust account belonging to non-defaulting clients are potentially at risk, even though they did not cause the default.

17.2. Counterparty dealings

As described in section 10.4 above, the Clearing House requires Clearing Participants to pay margin obligations to it and Clearing Participants require Halifax to pay margin obligations to them i.e. Halifax is required to deposit monies with its clearing brokers to maintain the open positions.

It is possible that a clearing broker 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.

PRODUCT DISCLOSURE STATEMENT

Therefore you should be made aware of the clearing brokers which Halifax deals with and consider their financial credentials before deciding to deposit your money with Halifax. Halifax may decide to use any one of these clearing brokers.

The clearing brokers with which Halifax deals are:

Macquarie Group Limited	www.macquarie.com
UBS AG	www.ubs.com
Global Futures & Forex Ltd	www.gftforex.com
Saxo Bank A/S	www.saxo.com
DeutscheBank AG	www.deutschebank.com
Interactive Brokers LLC	www.interactivebrokers.com

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

18. Charges, Fees and Other Payments

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.

18.1. Brokerage

We charge brokerage on each Futures Contract and Option Contract executed on your behalf. Our brokerage rates vary depending on the type and level of service required the Futures Exchange upon which the transaction is to be conducted, and the frequency of transactions.

The standard brokerage you will be charged on each contract varies between AUD\$2.5 and AUD\$50 (plus GST) for trades conducted on Australian Futures Exchanges. For trades on international Futures Exchanges, the brokerage you will be charged at the equivalent foreign exchange rate on each contract and varies between AUD\$2.50 and AUD\$50 (plus GST).

The brokerage amount 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. The brokerage amount will be detailed on your daily statement.

The standard brokerage fee generally includes any Futures Exchange and Clearing House fees that are payable. If they are not included, you will be notified at the time of the transaction. Fees charged by the Futures Exchange for execution of transactions and the Clearing House for clearing of transactions, vary from Futures Exchange to Futures Exchange and can be found on the particular Futures Exchange's website.

18.2. Interest on Credit and Debit Balances

Interest is charged where your account balance is in debit.

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

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

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

The funds used to meet your Margin Requirements when you open a position will not accrue any interest.

If your account balance becomes a debit, Halifax will charge you interest at 2.5% above the RBA's cash rate (for example, if the RBA cash rate was 4.25% per annum, you would be charged interest at a rate of 6.75% per annum). Provided you meet all Margin Calls, it is unlikely your account will go into debit but it is not impossible e.g. in the event of a major market movement against your position and you fail to meet a Margin Call, Halifax may exercise its right to Close Out some or all of your open positions. If the realised loss is greater than the amount you have deposited with Halifax then your account will go into debit (refer to section 12.3 of this PDS).

Interest on debit balances is calculated and applied daily.

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

18.3. Conversion fee

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

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

If you transact in a Futures Contract or Option Contract on a foreign Futures Exchange, the contract is denominated in a currency other than the account currency and all Margin Requirements, profits and losses will be converted to/from the account currency. This is performed automatically. For example, if you transact in a Futures Contract traded on the New York Board of Trade, this is denominated in USD. Since your account currency is AUD, any Margin Requirement will need to be converted from AUD to USD and any 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%).

18.4. Orders over the Telephone

Halifax may charge you a fee at its sole discretion of an amount not exceeding the maximum fee 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. The maximum fee is as set out in section 18.1 above.

18.5. Margin Requirement

Where you enter a Futures 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 as security for your obligations.

18.6. 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 (as described in section 18.2 above) in your account and any other costs incurred by Halifax associated with recovering payment from you.

19. Confirmation of Transactions

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

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

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

20. Protection against Fraudulent Activity

If there is fraudulent activity by one of Halifax's employees, directors, 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 attempts to cover 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 provide financial services.

21. Market Information

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

This Market Information comes from a variety of different sources and, as such, the source will determine the quality of advice. Following is a list of current providers of this 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.

• 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
• Various financial web sites globally	
• Various financial news networks 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 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 may not be 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.

22. Cooling Off Arrangements

There are also no cooling-off arrangements for Futures Contracts and Option Contracts. This means that when you enter into a Futures Contract or Option Contract, you do not have the right to return the product, nor request a refund of the money paid to hold the product. Should you change your mind after entering into a transaction you should Close Out your position by entering into an opposite transaction (although loss may be incurred in doing so).

23. Taxation Implications

Trading in Futures Contracts and Option Contracts 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 advice with respect to taxation and you should seek advice from your tax adviser before you enter any Futures Contract or Option Contract. The varied nature of these products will mean that the taxation impact of any gains and losses arising out of such transactions will need to be considered on a case by case basis, with the assistance of your tax adviser in light of your own personal circumstances.

24. Dispute Resolution

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

Any complaints or concerns should be directed to Halifax (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in section 6 of this PDS, or by email to the Operations Manager – compliance@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 Info line on 1300 300 630.

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne NSW 3001
Toll free: 1300 78 08 08
Facsimile: +613 9613 6399
Website: www.fos.org.au
Email: info@fos.org.au

25. Privacy

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

26. Glossary of Terms

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

AFS: Australian Financial Services Licence

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 Dollar.

Call Option: An Option Contract which gives the buyer the right, but not the obligation, to buy the Underlying Instrument 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).

Clearing Participant: A participant of a Clearing House, as that term is defined in the operating rules of the relevant Clearing House.

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

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

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

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

Exercise Price: The price at which the buyer of an Option Contract may buy or sell the Underlying Instrument, as defined in the terms of the Option Contract.

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

FSG: Financial Services Guide.

Futures Contract: A futures contract is an agreement, traded on a Futures Exchange (and in some cases, a stock exchange) as a futures contract, either to buy or to sell a specific quantity of a specific product for settlement on a specified date.

Futures Exchange: A futures exchange is a financial market (including a stock exchange) where participants can trade Futures Contracts and Option Contracts. We refer you to our website which contains a list of the various futures exchanges on which Halifax will accept orders from clients to trade together with links to the website of each futures exchange.

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

JPY: Japanese yen.

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

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.

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 Contract, the date on which the Option Contract matures, settles or expires. This is also referred to as the Expiry Date.

Option Contract: An option contract gives the buyer the right, not the obligation, to acquire the Underlying Instrument at the prescribed Exercise (Strike) Price of the option in return for payment of a Premium

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

PDS: This Product Disclosure Statement, as supplemented from time to time by any Supplementary Product Disclosure Statement.

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

Put Option: An Option Contract where the buyer has the right, but not the obligation, to sell the Underlying Instrument 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).

RBA: Reserve Bank of Australia.

Settlement Date: In relation to a Futures Contract, the day on which:

- (i) the parties to a cash settled Futures Contract are required, in accordance with the operating rules of the Relevant Exchange, to make an adjustment between them according to whether the settlement value of the Futures Contract is greater or less than the contract value; and
- (ii) the parties to a deliverable Futures Contract are required, in accordance with the operating rules of the relevant Futures Exchange, to give delivery (in the case of the seller) and to take delivery and make payment (in the case of the buyer).

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SFE: Sydney Futures Exchange Limited.

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

Trading Platform: An electronic trading platform offered by Halifax which enables clients to place orders to trade in Future Contracts and Option Contracts and as described in section 14 of this PDS.

Underlying Instrument: In the case of a Futures Contract, an underlying instrument is an asset, security, index, reference rate, commodity, currency or other type of financial product or any other thing whose price movement determines the value of the Futures Contract.

In the case of an Option Contract, an underlying instrument is either:

- (i) a Futures Contract; or
- (ii) an asset, security, index, reference rate, commodity, currency or other type of financial product or any other thing, whose price movement determines the value of the Option Contract.

USD: United States Dollar.

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

ANNEXURE A

ORDERS TYPES YOU CAN PLACE WITH HALIFAX

1. Important notice about this section

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

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

Halifax, via its Trading Platforms, provides its clients with continuous quotations directly from the relevant Futures Exchange. 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.

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. 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

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 trading session of a particular Futures Exchange 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 and the price on the relevant Futures Exchange 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 and the price on the relevant Futures Exchange 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

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 trading session of a particular Futures Exchange 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, at the closing of the market, the price on the relevant Futures Exchange 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, at the closing of the market, the price on the relevant Futures Exchange trades at a price equal to or superior to the price at which you have placed your Market-on-Close sell order.

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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 on the relevant Futures Exchange 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 the current bid and offer prices on the relevant Futures Exchange. 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 Futures Contracts and Option Contracts will be filled if the price on the relevant Futures Exchange 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 Futures Contracts and Option Contract may be filled if the price quoted on the relevant Futures Exchange 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.

Stop Loss orders will be executed once the following conditions are met:

- The offer price has reached the Stop Loss order price in the case of a buy order, or the bid price has reached the Stop Loss order price in the case of a sell order; and
- The price on the relevant Futures Exchange has traded at or through the level at which the Stop Loss order is placed.

If “gapping” occurs as a result, the price on the relevant Futures Exchange 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 on the relevant Futures Exchange. 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 on the relevant Futures Exchange trades at a specified price at least once. In other words, if the market touches your specified order price then your order is executed 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.

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. Your Limit order will be executed when one or more of the following conditions are met:

- The offer price has reached the price of your buy Limit order or the bid price has reached the price of your sell Limit order; or
- The price on the relevant Futures Exchange has traded at or through the level at which the Limit order is placed.

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 occur where the price offered on the relevant Futures Exchange is more favourable to you than the Limit order you have placed.

Where your Limit order is not improved 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 A of this PDS). If you place both of these orders at the same time and the If Done Order is triggered then the OCO order will automatically be implemented.

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

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

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

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

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

We note that Halifax reserves the right to cancel a GTC order due to, among other things, insufficient excess monies in the client account. For more information about circumstances in which Halifax may exercise its discretion to Close Out your position see section 12 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 GTC orders as described in section 2.10 of Annexure A of this PDS.

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

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

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

A Day Trade is a set of executed transactions that result in a position being opened 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 include a combination of two separate orders). We urge you not to Close Out one order without considering the consequences of another order left open. Failure to do so will mean that the order remains at risk of execution.

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

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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 A of this PDS.

ORDER TYPE	CODE	DESCRIPTION
Market	MKT	An order filled immediately at the best price available.
Market-on-Open	MOO	To buy/sell at the market price at the beginning of a trading session 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 on the relevant Futures Exchange 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 on the relevant Futures Exchange.
Market if Touched	MIT	A price order that becomes a Market order when the price on the relevant Futures Exchange 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.