

FXGIANTS

PRODUCT DISCLOSURE STATEMENT (PDS)

FXGiants

Operated by Notesco Pty Ltd

ABN 78 143 154 698

AFSL No. 417482

Level 17, 9 Castlereagh Street,

SYDNEY NSW 2000

FOREIGN EXCHANGE CONTRACTS PRODUCT DISCLOSURE STATEMENT

Issuer: Notesco Pty Ltd ABN 78 143 154 698 Australian Financial Services Licence No. 417482.

Section 1 - Important Information

1.1. PURPOSE OF THIS PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (**PDS**) is dated 20 February 2019 and was prepared by Notesco Pty Ltd ABN 78 143 154 698 Australian Financial Services Licence (**AFSL**) No. 417482 (**FXGiants**) as the issuer of over-the-counter contracts (**OTC contracts**) for Foreign Exchange (**FX**) products (referred to as **FX Transactions**). This PDS is for the information of clients contracted directly with FXGiants only. This PDS is not for the information of any other client contracted with any other AFS Licence holder, including those AFS Licence holders that are a white label client of FXGiants from time to time.

This PDS describes the key features of FX Transactions, their benefits, risks, the costs and fees of trading in FX Transactions and other related information.

This PDS is designed to help you decide whether the FX Transactions described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with others.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 7).

Unless stated otherwise, all amounts stated in this PDS are in Australian Dollars.

FX Transactions can be highly leveraged and speculative with a high degree of risk. Potential investors should be experienced in equity derivatives and understand and accept the risks of investing in OTC contracts.

The information in this PDS does not take into account your personal objectives, financial situation and needs. This PDS does not advise you on whether the FX Transactions are appropriate for you.

You should read all of this PDS before making a decision to deal in financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS prior to entering into any FX Transactions with us. FXGiants recommends that you obtain your own independent legal, tax and investment advice, taking into account your particular needs and financial circumstances before trading with us.

1.2. CURRENCY OF PDS

The information in this PDS is up to date at the time it was prepared but it is subject to change from time to time and may be updated on our website (www.FXGiants.com/au).

A copy can be downloaded from the website or you can call FXGiants to request that a paper copy be provided to you free of charge. If the new information is information which is materially adverse to you, we will either issue a new PDS or a supplementary PDS containing the new information.

If the new information is not materially adverse to you, we will not issue a new PDS or a supplementary PDS to you, but you will be able to find the updated information on our website at www.FXGiants.com/au or by calling us using the contact details given in the Contact section in this document. If you ask us, we will send you a paper copy of the information time of change.

1.3. THIS PDS

FXGiants is required to give this PDS because it is deemed to be the issuer of financial products (the FX Transactions) which are derivatives. Your transactions

with FXGiants will be FX Transactions covered by this PDS if:

- (i) You are dealing under the online trading platform; or
- (ii) You are dealing in other transactions that we later give you prior notice as FX Transactions covered by this PDS.

FX Transactions are sophisticated financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

Each FX Transaction which is agreed and entered into by FXGiants with you will be entered into by FXGiants as principal. FXGiants makes a market in its products as it regularly states the price at which it is prepared to deal with the client as principal. A Glossary is provided at the end of this PDS (see section 7).

1.4. OFFER IN AUSTRALIA

The FX Transactions offered under this PDS are available only to persons receiving this PDS (electronically or otherwise) in Australia. It is therefore the sole responsibility of a client to ensure that he understands and complies fully with any laws and/or regulations relevant to him in his own country prior to placing any trade with FXGiants.

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia and who gains access to this PDS should comply with any such restrictions that apply to them in relation to applications for the FX Transactions failure to do so may constitute a violation of financial services laws.

The offer to which this PDS relates is not available to USA investors.

1.5. PERSONAL ADVICE

FXGiants will not give personal financial

advice about the FX Transactions.

This PDS does not constitute a recommendation or opinion that any of the FX Transactions are appropriate for you.

The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs.

1.6. RISK

Please read the Summary of Key Information in Section 2 and the Significant Risks in Section 4 and the relevant Schedule(s) for important information about the risks of trading in the FX Transactions.

Potential investors should be experienced in trading in derivatives, especially OTC Leveraged derivatives, and understand and accept the risks of trading in the FX Transactions.

Your potential liability is not limited to the amount of Initial Margin that you pay FXGiants. You should carefully consider the risks of the FX Transactions and your capacity to meet your liabilities before trading in the FX Transactions.

This warning does not replicate all of the important information in this PDS. You should read all of this PDS and the Terms and Conditions before making a decision to trade in the FX Transactions offered under this PDS. We recommend that you contact us if you have any questions arising from this PDS or the Terms and Conditions prior to entering into any transactions with us. FXGiants recommends that you consult your adviser or obtain other independent advice before trading.

1.7. CONTACT

FXGiants can be contacted at:

Level 17, 9 Castlereagh Street, SYDNEY NSW 2000

Telephone: +612 5317 7000

Facsimile: +612 5317 7001

Email: info@FXGiants.com.au

Website: www.FXGiants.com/au

Local Trading Hours:

You may enter into FX Transactions 24 hours a day from Monday at 8.00 a.m. Sydney time and closing on Friday at 5.00 p.m. New York time (Saturday morning Sydney time).

Outside the local trading hours (as described above), but at all times when the markets that the FX Transactions accesses are open, calls will be forwarded from our local number to an international number that will cater for any after-hours query.

1.8. REGULATORY GUIDE 227

Regulatory Guide 227 (RG227) issued by ASIC sets out 7 disclosure benchmarks for Over the Counter (OTC) foreign exchange products that are aimed at helping you understand the risks associated with foreign exchange products, their potential benefits and whether trading in foreign exchange products is suitable for you.

More information about the disclosure benchmarks contained in this PDS can be found in RG227.

The following table outlines the disclosure benchmarks and how FXGiants meets each one:

Benchmark	Meets	Additional Information
1. Client Qualification	Partially	FXGiants meets this requirement in regards to Australian residents during the account opening procedure. IronFX does not meet this requirement in regards to Non

		Australian residents. Please see section 3.1 of this PDS for more information
2. Opening Collateral	No	This benchmark states that an issuer should generally only accept cash or cash equivalents as opening collateral when establishing an account and where credit cards are used, then no more than \$1,000 should be accepted as the initial payment. In addition to bank transfers, FXGiants accepts credit card payments for initial funding in order to maximize payment flexibility for clients and not restrict your choice of funding method.

		See section 3.2 of this PDS for more information.
3. Counterparty Risk - Hedging	Yes	<p>FXGiants maintains and applies a written policy to manage its exposure to market risk due to client positions.</p> <p>The Company does not use client money to hedge any of its positions. In case the company hedge some positions then these positions will be funded by the Company's own funds.</p> <p>See section 4 of this PDS for more information.</p>
4. Counterparty Risk - Financial Resources	Yes	FXGiants maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources as required under its AFSL.

		See section 4.2 of this PDS for more information.
5. Client Money	Yes	<p>FXGiants complies to the new Client Money Rules and applies daily and monthly reconciliations which are also reported to ASIC. The Company maintains and applies a policy with regards to the Client Money Rules. FXGiants keeps Client money in a segregated account with a reputable bank.</p> <p>See section 3.4 of this PDS for more information.</p>
6. Suspended or Halted Underlying Assets	Yes	<p>FXGiants does not allow Clients to open new positions when there is a trading halt in an underlying asset. FXGiants may exercise its discretion to determine a value to Close Out a transaction.</p>

		See section 3.9 of this PDS for more information
7. Margins Calls	Yes	<p>FXGiants will contact the Client in regards to a Margin Call. FXGiants reserves the right to Close Out positions when it deems it necessary at its own discretion.</p> <p>See section 3.7 of this PDS for more information.</p>

Section 2 - Features

2.1. KEY INFORMATION

Key features of FX Transactions are:

- They are available in most currencies around the world.
- Unlike FX Transactions traded on an Exchange, OTC contract FX Transactions are not standardised but are individually tailored to the particular requirements of the parties involved.
- When you trade, there is always a long (buy) and a short (sell) side to a FX Transaction, which means that you are speculating on the prospect of one of the currencies strengthening and the other weakening.

Key benefits of FX Transactions are:

- They enable individuals and businesses to purchase goods or services denominated in a foreign currency and provide them with the ability to minimise adverse market movements in the currency market on their personal or business costs.
- You have the potential to profit in rising and falling markets depending on the trading strategy you employ.
- The FX market is a very liquid market since there are generally buyers and sellers trading in FX.

Key risks of FX Transactions are:

- That the FX market is unregulated and not afforded the protection for exchange traded derivatives arising from any domestic or international exchange rules (such as guarantee or compensation funds).
- There is no assurance that you will make profits or not make losses due to the speculative and volatile FX market.
- Your recourse against FXGiants is limited by FXGiants' recourse. FXGiants is liable to you as principal on the FX Transactions and being the sole counterparty to the

Clients' transactions. Refer also to 4.2 - "Hedge Contracts and Limited Recourse"

2.2. FEATURES OF FX TRANSACTIONS

An FX Transaction is an agreement between two parties to exchange one currency for another currency at an agreed exchange rate on a predetermined date (being the 'Value Date' of the contract), where the date may range from either the same day or a date in the future.

Unlike foreign exchange contracts traded on an exchange, FX Transactions are not standardised but are individually tailored to the particular requirements of the parties involved in the contract.

Terms involved in the negotiation of the FX contract are:

- the currencies (including underlying security or index) traded;
- the amount of such currencies;
- the maturity date of the contract; and
- the rate at which such currencies are exchanged.

FX Transactions are rolled over at the end of each Business Day.

Open positions can be rolled-over indefinitely until you decide to Close Out the transaction. Foreign exchange products are available in most currencies. As foreign exchange is essentially about exchanging one currency for another at an agreed rate, in every exchange rate quotation, there are two currencies.

FXGiants offers you a way of managing movements against your FX Transaction by using Stop Loss Orders and Take Profit Orders (see section 3.14 - "Stop Orders" that enables you help to protect yourself against adverse market swings yet secure enhanced exchange rates when favourable upside market movements occur.

Your potential loss can be limited to the amount deposited into your Account with us if you:

- choose to Close Out your open FX Transaction at any time before the total loss is the same as the balance in your Account; or
- do not deposit any additional amounts into your Account following adverse market movements to maintain the minimum required Margin (i.e. Initial Margin and Variation Margin), in which case, once the value of the equity in your Account falls to zero, then FXGiants will Close Out your open FX Transaction immediately and your loss will be limited to the amount which has been deposited in your Account.

However, if you choose to top up the amount in your Account by paying additional funds to us (to cover the Variation Margin), then the risk of loss will be the initial amount deposited plus any additional amount(s) deposited into the Account. At all times the potential loss is limited to the amount deposited into your Account. In the unlikely event of a complete system failure (including our backup systems) then FXGiants has implemented manual procedures which will ensure that any loss which may be generated which is in excess of the amount deposited by you will be borne by FXGiants and will not be passed on to you in any circumstance.

2.3. OPERATION OF FXGiants FX TRANSACTIONS

The FX Transactions offered by FXGiants are rolling spot FX contracts between you and FXGiants in relation to an agreed Currency Pair.

FXGiants will enter into all transactions with you as principal (counterparty) and act as the sole execution venue for all your orders. You are required to open and close a position of any particular financial instrument with FXGiants via its trading platform.

Where there is only one possible venue, best execution is achieved by execution on that venue. Best execution is a process, which considers various factors, not an outcome. This means that, when FXGiants is executing an

order for you, FXGiants must execute it in accordance with its execution policy but FXGiants does not guarantee that the exact price requested will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In certain circumstances this obligation will not apply, for example at a time of severe market turbulence, and/or internal or external system failure, where instead the ability to execute orders on a timely basis will become the primary factor.

2.4. BENEFITS OF FX TRANSACTIONS

Foreign exchange products provide important risk management tools for those who manage foreign currency exposures. FXGiants offers its clients the ability to buy and sell its products which enables clients to protect themselves against adverse currency market swings. The significant benefits of using FX Transactions as a risk management tool are to protect your exchange rate and provide cash flow certainty. In addition to using FX Transactions as a risk management tool, you can benefit by using the products to speculate on changing exchange rate movements. You may take a view of a particular market, or the markets in general and therefore enter into FX Transactions according to this belief in anticipation of making a profit. These and other benefits are as follows:

- **Exchange rate certainty** - Locking in a certain exchange rate for the purchase or sale of foreign currency amounts will reduce or eliminate exchange rate uncertainty. This enables businesses and individuals who wish to pay for goods or services denominated in a foreign currency to reduce or minimise the negative impact of adverse movements in the currency market on their personal or business costs by entering into appropriate Transactions. It also provides cash flow certainty.
- **Risk management** - FXGiants also offers you a way of managing adverse movements by using Stop Loss Orders and

Take Profit Orders (see section 3.14 - “Stop Orders”) that enables you to protect yourself against adverse market swings yet secure enhanced exchange rates when favourable upside market movements occur. Unlike some other products (such as exchange traded products) where there is no guarantee you will receive the Stop Loss Order price as requested, with our products FXGiants ensures that your FX Transaction will be Closed Out if the exchange rate reaches the level specified by you in advance by using a Stop Loss Order - see section 3.14 - “Stop Orders”. In addition, you may use Take Profit Orders which allows you the opportunity to benefit from favourable upside market movements.

- **Access to the foreign exchange markets**

24 hours a day, 5 days a week - When using the foreign exchange products offered by FXGiants, you gain access to a highly advanced and multi-levelled system which is active and provides you with the opportunity to trade 24 hours a day from Monday at 8.00 a.m. Sydney time and closing on Friday at 5.00 p.m. New York time (Saturday morning Sydney time). This gives you an opportunity to react instantly to news that is affecting the underlying markets.

It should be noted however, that trading in the various Currency Pairs may be restricted to hours where liquidity is available for any given currency.

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

- Since the currency markets are constantly moving, there are always trading opportunities, whether a currency is strengthening or weakening in relation to another currency. There is the potential for profit (and loss) in both rising and falling currency markets depending on the strategy you employ.

When you trade currencies, they literally work against each other. If the EURUSD (the EURO and USD Currency Pair) declines, for example, it is because the

USD gets stronger against the EURO. So, if you think the EURUSD will decline (that is, that the EURO will weaken against the USD), you would sell EURO now and then later buy EUR back at a lower price and take your profits. The opposite trading scenario would occur if the EURUSD appreciates.

- **Superior liquidity** - The foreign exchange market is generally very liquid so in most instances there are generally buyers and sellers trading enabling FXGiants to efficiently manage its risks. The liquidity of the foreign exchange market, particularly with respect to that of the major currencies, helps to ensure price stability. The liquidity comes mainly from banks that provide liquidity to investors, companies, institutions and other currency market players.

- **Real time streaming quotes** - The online trading platform uses sophisticated technologies in order to offer you up-to-the-minute quotes. You may enter into FX Transactions 24 hours a day from Monday at 8.00 a.m. Sydney time and closing on Friday at 5.00 p.m. New York time (Saturday morning Sydney time).

- **Access to your account information 24 hours a day, 7 days a week** - You can access the online trading platform at any time, subject to the availability and connectivity of the online trading platform which sometimes may be outside of our control. You may check your Account and positions in real time. FXGiants believes you must be able to control your funds whenever you wish.

- **Tailored** - A major benefit of entering into a FX Transaction is that you can tailor the FX Transaction to meet your specific circumstances. Unlike exchange traded products, FX Transactions are not standardised and can be personally tailored to suit your requirements. For example, FXGiants allows you to enter into FX Transactions in small amounts and the settlement date or end date is negotiable,

whereas exchange traded products are standard sizes and cannot be varied in duration. Your FX Transactions may be rolled until you decide to close out the FX Transaction or it reaches the end date, provided that you continue to meet your Margin requirements and maintain the required account balance.

Section 3 - How to Trade

3.1. ESTABLISHING YOUR TRADING ACCOUNT

You need to establish an Account by completing the application form on FXGiants' website or contacting FXGiants directly. By opening an Account, you agree to the Account Terms and Conditions, provided to you in addition to the Financial Services Guide and the Product Disclosure Statement.

Trading in the financial products that FXGiants offers may not be suitable for all investors due to the significant risks that to the products. FXGiants can only accept retail investors who can demonstrate a satisfactory understanding of the different aspects of trading. This will be done by FXGiants asking you questions via an online quiz in order to assess your understanding and experience with OTC derivatives.

It should be noted that the online quiz is applicable only to Australian residents. In regards to Non Australian residents, the Company obtains information related to the potential client's knowledge and experience.

If it should be necessary, FXGiants will recommend that you obtain further experience and education before opening an account. Applicants who initially fail the assessment may re-apply for an account and redo the assessment.

The particular terms of each FX Transaction is decided by you and FXGiants before entering into the FX Transaction.

Before you enter into a FX Transaction, FXGiants will require you to pay an Initial

Margin. This is paid to FXGiants (and is not held on your behalf).

After you make a FX Transaction, Confirmation of the transaction will be given (such as being reported online or in an online account statement or record).

There are some fees associated with FXGiants' FX Transactions. (These are explained further in section 5 "Costs, Fees & Charges" as well as section 13.9 of the Terms and Conditions. When you open a position in some types of financial instruments a commission or a financing fee will apply. The details of these costs are available in the Contracts Specifications on the FXGiants website.

Settlement must occur on the agreed date. Changes to the specified date are only permitted if you and FXGiants later agree.

If there is early termination, you may be liable for any losses, depending on the marked-to-market value of your FX Transaction at termination.

3.2. FUNDING YOUR ACCOUNT

Once your application has been approved you may fund your account in a number of ways.

Clients may deposit funds, as opening and ongoing collateral. FXGiants accepts the following forms of payments:

- credit cards;
- direct credit; and
- Wire transfers.

FXGiants does not accept "cash equivalents" as opening collateral (e.g. no securities as deposits).

FXGiants does not place limits on credit card payments. This is done in order to maximise payment flexibility for clients and to not restrict your choice of funding method.

All deposits must be cleared funds before they will be available to you for trading. This can take up to 48 hours, or longer over non-banking days.

FXGiants does not place limits on credit card payments.

FXGiants accepts credit card payments for more than \$1,000 as initial funding in order to maximize payment flexibility for clients and not restrict your choice of funding method. Using a credit card to fund your account may pose the risk of double leverage from the combined effect of utilizing a credit facility to fund a leveraged trading account.

When transferring funds to FXGiants you must ensure that the funds are appropriately referenced with your account number to enable us to easily identify your funds and apply them to your account promptly. All payments made to FXGiants must be free of any withholding tax or deduction.

FXGiants will only act on funds that have cleared, so we recommend that you maintain a sufficient Margin in your account at all times to maintain your open positions.

FXGiants does not accept funds transferred from third parties, so it is your obligation to ensure that all funds transferred to us are from the bank account you have nominated in your Application. We may, in our absolute discretion, without creating an obligation to do so, return any funds transferred or cheque received from a third party, back to the account from which it was transferred.

FXGiants will not accept any liability or responsibility for any losses that you may suffer as a result of, or arising out of, or in connection with, us returning any transfer of moneys or cheque from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the Account Application Terms & Conditions.

You are able to deposit the Initial Margin and additional deposits into your Account by one of the payment options mentioned above. You are able to make payment in currencies other than US dollars however; your payment will be converted to US dollars.

3.3. QUOTES

FXGiants generates its own tradable prices from information sourced through price feed/liquidity providers that generally provide liquidity to the global market. The main way in which FXGiants will ensure that the client receives the best execution will be to ensure that the calculation of the bid / ask spread is made with reference to a range of underlying price providers and data sources. FXGiants reviews its independent price providers at least once a year to ensure that correct and competitive pricing is offered.

The quotes provided by FXGiants are the same as in the underlying foreign exchange market on which the products are based.

Foreign exchanges quote e.g. AUD/USD "0.8910/0.8914" represents the bid/ask spread (in this case for AUD/USD). This quote means that you can:

- (a) buy Australian Dollars at 0.8910 against the US dollar; and/or
- (b) Sell Australian Dollars at 0.8914 against the US dollar.

Generally, exchange rate quotations are to 5 decimal points (but this is not always the case, for example, the Japanese Yen is quoted to 2 decimal places).

Obviously, prices change over time. The frequency with which they do varies with different financial instruments and market conditions. Considering that FXGiants generates its own tradable prices which are distributed via FXGiants' trading platform, the technology used by you to communicate with FXGiants plays a crucial role. For instance, the use of a wireless connection, or dial up connection, or any other communication link that can cause a poor internet connection can cause unstable connectivity to FXGiants' trading platform. The result for you is to place your orders on old prices, where FXGiants might decline and provide you with a new quote (i.e. re-quoting).

The particular characterising of an order can affect the execution of your order. Below, FXGiants describes the different kinds of orders that you can place:

Market / Instant Order

Market Order

This is an order to buy or sell at the price available at a given time. The order will usually be filled at the prices the client sees on the Company's trading platform screen, which are derived from the price feed/liquidity providers using the FXGiants bridge technology. Occasionally, if the market has moved while the client is placing his order, the price may differ. The client may also place a Loss/Stop Loss to limit his loss or a Take Profit/Limit to limit his profit.

Instant Order

This is an order to buy or sell at the price available at a given time. The order will usually be filled at the price the client sees on the Company's trading platform screen. Occasionally, if the market has moved while the client is placing his order, the price may differ. The client may also place a Stop Loss to limit his loss or a Take Profit to limit his profit.

Pending Order

This is an order to buy or sell a financial instrument in the future at the best available price once a certain price is reached. There are four types of pending orders available in the FXGiants trading platform: Buy Limit, Buy Stop, Sell Limit and Sell Stop. You may also attach a Stop Loss and/or Take Profit on pending orders.

Trailing Order

This feature allows you to place a stop loss order to an open position and works in the client terminal, which automatically updates to lock in profit while the market moves in your favour. Trailing Stop works in your terminal, not in the server (like Stop Loss or Take Profit). This is why it will not work, unlike the above orders, if the terminal is off.

3.4. CLIENT MONEYS CLIENTS ACCOUNT

Before you transfer any money to FXGiants, you should carefully consider how your money will be held and used and the risks to you.

Moneys deposited by you with FXGiants for FX Transactions are first deposited into our clients' account maintained by FXGiants, segregated from FXGiants' own funds. In brief, that means those funds are not available to pay general creditors in the event of receivership or liquidation of FXGiants. Money held in a clients' account may be withdrawn or invested in accordance with the Corporations Act, which includes when authorised by you in writing (by the Account Terms or by your specific instructions). FXGiants is entitled to retain all interest earned on the money held in its clients' account. You should be aware that, for client moneys clients' accounts:

- individual client accounts are not separated from each other;
- all clients' funds are combined into one account;

3.5. YOUR PROFITS OR LOSSES

The profit or loss from a FX Transaction is calculated by keeping the units of the Base Currency constant and determining the difference in the number of units of the Term Currency. The profit or loss will be expressed in the Base Currency.

Worked examples explaining the potential profits and losses from FX Transactions are provided in Section 5.6.

3.6. MARGINING OF OTC FX

Margin cover is usually required in these cases:

- As "initial" Margin, to start the trading (Initial Margin). The Initial Margin will typically be between 1%-10% of the face value of the FX Transaction;
- as "variation" Margin, meaning adjustments to Margin cover due to falls in the value of the financial product or underlying security (Variation Margin); or
- As "maintenance" Margin - to maintain the Margin cover in light of adjustments to

the percentage of value of the stock allowed as Margin cover or other trading platform adjustments not related to the price movements of the financial products.

Margins in FX trading are required in the Terms Currency. For example, if a client has a position in A\$/GBP, the Margin will be applied in BGP. In the case where a client has no GBP or a negative account balance in GBP but has sufficient funds in an alternate currency (at the current market rate), it can be used to offset the Margin.

The Margin cover is usually provided by you paying cash to FXGiants. This means that sufficient funds must be deposit into your Account with FXGiants before you can trade. Owing to the volatility of the market, an Initial Margin may change after a position has been opened, requiring a Variation Margin to be paid by you at that time. They are calculated to cover the maximum expected movement in the market at any time.

You will be required to provide Variation Margin or other required Margin cover whether or not you receive a Margin call. In other words, you are responsible for monitoring your positions and providing the required level of Margin call. You might receive notice about Margin cover requirements by email, SMS message or, when you access your Account online, pop-up messages on your screen, but you need to provide the Margin cover whether or not you get these messages.

In some cases the required Margin cover will change automatically at times or in cases applying to your online trading platform. For example, at weekends some Margin cover requirements automatically increase.

You must be in a position to fund such requirements at all times and you have to maintain the Margin cover required by FXGiants. Initial Margin and Variation Margin must be deposited immediately after a call. The general policy of FXGiants is that payment of the call must be received within 24 hours of the call although in times of extreme

price volatility this may mean as little as 1 hour.

Losses can exceed the amount of the Initial Margin and any Variation Margin deposited. If you do not ensure you maintain the required level of Margin cover, all your positions may be Closed Out and the resulting realised loss deducted from any proceeds.

You will only be allowed to deal in and maintain positions on the basis of cleared funds being provided for your Margin obligations or your net balance is in credit. It is your responsibility to provide the collateral for your Margin cover on time. Since you are trading through the online trading platform, it can take up to 48 hours (or longer, over non-banking days) for your funds to be credited to your Account (depending on the rules of your Account or online trading platform or other external factors outside the control of FXGiants). Any delay in crediting your Margin payments is at your risk.

Initial Margin will be credited to the relevant Account on settlement of the contract. Debit Variation Margin (unrealised losses) on closure of the contract will be debited to the relevant Account balance and credit Variation Margin (unrealised profits) on closure of the contract will be credited to the relevant Account. You will be required to fund any cash shortfall in the Account.

Any losses resulting from FXGiants closing your position will be debited to your Account and in the case of fraud may require you to provide additional funds to FXGiants.

3.7. MARGIN CALLS

The Margin Call policy for FXGiants' OTC derivative products when trading from the Online Trading Platform is an automated process. When a Margin Call occurs while trading on the Online Trading Platform all open positions are closed without bias. Please take note that FXGiants advocate appropriate risk management such as placing stop losses which reduces the possibility of reaching a Margin Call on trading accounts.

Trading in FX Transactions involves the risk of losing substantially more than your initial investment.

FXGiants' trading platforms deal with Margin Call issues at 2 important stages. These are:

1. At Margin Call notification stage;
2. At Liquidation stage.

Margin Call and Notifications

· Market Execution type Accounts

The Company shall have the right to start closing Client's positions starting from the most unprofitable, when the margin level is less than 100%. In the case where the margin level is equal to or less than 80%, then Client's positions are automatically closed, starting from the most unprofitable, at the market price. The Client also acknowledges that the Company, where applicable, has the right to change the Client's stop out margin level to match the relevant risks applied (i.e. liquidity risk). Such an event will be disclosed to the Client by the Company via its internal mail or by email.

· Instant Execution type Accounts

The Company shall have the right to start closing Client's positions starting from the most unprofitable, when the margin level is less than 40%. In the case where the margin level is equal to or less than 20%, then Client's positions are automatically closed, starting from the most unprofitable, at the market price.

Opening New Trades

If when entering into a new trade you do not have enough initial margin the Online Trading Platform will not allow the trade to be processed.

All orders are placed in lot sizes. A lot is a unit measuring the transaction amount and it is different per each financial instrument. Details of the lot sizes are available in the Contracts Specifications on the FXGiants website

If the client wishes to execute a large size order, in some cases the price may become less favourable considering the liquidity in the

market. FXGiants reserves the right not to accept a client's order, in case the size of the order is large and cannot be filled by FXGiants.

3.8. DAILY VALUATION

Following the close of business on each Business Day during the term of a FX Transaction, FXGiants will determine your Account's value, based on the value of the FX Transactions in your Account as at close of business.

3.9. SUSPENDED OR HALTED UNDERLYING ASSETS

You will not be able to enter into any new transactions where there is a trading halt or suspension in the underlying asset.

If trading in the underlying asset is suspended or halted by the Relevant Exchange (or the relevant index is suspended), the position, where possible, will be valued by FXGiants for your Account.

Foreign exchange markets trade continuously. They open on Monday at 08:00 a.m. Sydney time and closing on Friday at 05:00 p.m. New York time (Saturday morning Sydney time). They are open 24 hours during this period.

Prices are continuously streamed during this period. Because foreign exchange is not an exchange-traded product, it is not possible to suspend or halt the streaming of these prices.

3.10. SPOT AND EXCHANGE RATE CONTRACTS

When dealing in over-the-counter FX markets, each contract will fall within either the spot or forward market. This will reflect the time element of a foreign exchange transaction.

The spot market is for delivery within two (2) Business Days. The forward market is for delivery at some specified future date.

Spot Market

Whilst this market will reflect those transactions deliverable within two (2) Business Days, it will also reflect what is often determined to be a third element, being those

transactions for immediate delivery i.e. “today” or “tomorrow”. Transactions that involve a delivery up to three (3) Business Days later are traditionally considered to be spot transactions, although they carry a different rate depending on the specific delivery date (except for transactions in Canadian dollars, which settle on a “value tomorrow” basis).

Market Liquidity

Market liquidity describes the volumes which can be readily transacted in the market, and has sometimes been described as being the life blood of exchange traded markets.

Market Liquidity Risk is the risk that it may not be possible to execute the full amount of a FX Transaction without seriously impacting the market price. Billions of dollars of transactions are executed every day in EURO/USD, USD/JPY, GBP/USD. On the other hand, exotic currencies (developing countries) can be very thin or illiquid. Even in the major currencies liquidity can be scarce at times. After New York interbank trading closes and before Asian trading opens it can be difficult to obtain quotes in EURO/GBP which is a very liquid market during European trading.

Market Liquidity is reflected in the bid/offer spread. The more participants there are in the market prepared to quote two way prices in a particular currency, the bid/offer spread will be narrow. Conversely, if there is only a couple prepared to quote, the wider the bid/offer spread will become. As such, the bid/offer spread represents the profit that the quoting party must obtain in order to take on the risk. An imminent news release which may have significant effect on the market can affect market prices by drying up liquidity temporarily.

The Interest Rate Market and its Mechanics

The interaction between the money market and the foreign exchange market provides the basis for the relationship between the spot rate and the forward rate and the justification of the spread between the two rates. Forward rates

differ from spot rates to reflect the differing interest rates prevailing in the two countries. The interest rate market will influence the difference between the forward rate and the spot rate. The forward rate will generally reflect the mechanism of borrowing one currency to invest in another and the impact of the futures value of these currencies based on the amount of interest received and paid. As such, whilst the futures price will tend to reflect the expected price at a future date, the forward rate is not what the market expects the spot rate to be at a future date but the impact of currencies based on the spot rate and interest rates.

The interest rates used reflect those rates which are available to the parties involved in the transaction. For example if a resident borrows from or lends to a non-resident, the transaction may be subject to interest withholding tax rules. The interest rate used to calculate the forward exchange rates will be marked up to reflect the inclusion of withholding tax, so that after the payment of the tax, the net result would reflect the value as if the withholding tax had not been liable in the first place.

At times, monetary authorities will use a tightening of interest rates to reduce the inflationary effect on a weakening currency which may be causing price inflation, and vice versa. They can also consider the stability of their currency and will use a monetary policy to achieve targeted exchange rates.

Raising interest rates will tend to attract capital thereby supporting the exchange rate, whilst falling interest rates can lead to capital being removed from the currency and placing pressure on the exchange rate to move downwards.

Factors Affecting Foreign Exchange Rates over the Short Term and Long Term

There are many different short and long term factors that will affect the foreign exchange rates and these can be inter-related, or they can assume different significance at different times. None of the numerous theories of exchange rate determination are sufficiently

comprehensive or dynamic to explain exchange rate movements on their own, let alone accurately predict the future direction and level of exchange rates. The factors that are likely to affect the movement over an extended period of time can be defined within the fundamental factors that affect the overall financial markets as a whole.

These factors are:

- **Current account balance:** this is an important determinant of exchange rates. Currencies with increasing current account surpluses or decreasing current account deficits tend to strengthen against currencies with decreasing current account surpluses or increasing current account deficits. It is the change in the current account deficit or surplus which is relevant.
- **Current account surplus:** a diminishing current account surplus will tend to cause a currency to depreciate, while a shrinking current account deficit will tend to cause the currency to appreciate. However, in practice exchange rates do not always move to reflect current account figures. While over time the relationship holds true there may be sustained periods during which exchange rates move in the opposite direction.
- **Inflation Rates:** this impact upon the ability to purchase goods and services. Over a period of time, the inflationary impact on prices tends to result in price increases for goods and services to offset the impact of inflation. This means that exchange rates should change so as to reflect the relative purchasing power of two currencies.
- **Interest Rates:** how interest rates affect the forward rates has already been described. They can also affect the flow of currencies between countries. Over a period of time it is possible for currencies with a trend towards high local interest rates to attract capital inflows, and vice versa.

The relative importance of these fundamental factors can change over a period of time, depending on current policy slants and even fashion. The fundamental factors are normally very poor predictors of short term exchange rate movements. In the short term, exchange rates tend to be affected by a different set of factors. Various factors, including market flows, central bank intervention, and release of economic statistics, market sentiment and even technical analysis can influence spot rates in the short term, primarily through how they affect market expectations.

Also, if a country's central bank significantly reduces interest rates then the exchange rate would be reduced. A substantial decline in interest rates will also put pressure on the spot exchange rate for the relevant currency.

3.11. OBLIGATIONS OF THE CLIENT

The obligations of the client are as follows:

- (a) Pay an Initial Margin on each FX Transaction of the amount called by FXGiants. The liability for Initial Margin is incurred upon execution of an order.
- (b) Pay any later Margin requirements, including any Margin calls made by FXGiants for Variation Margin to maintain the Margin foreign exchange position held by the client.
- (c) If a loss is incurred on Close Out of a FX Transaction i.e. by executing an equal and opposite position to that originally opened, such closed forward prompt loss must be fully covered by Variation Margin. Subject to such loss being fully covered by Variation Margin no Initial Margin is required. Arrangements can be made to fix the amount of such forward foreign exchange loss in Australian dollars at the time of the Close Out otherwise the closed forward prompt loss will be converted to Australian dollars on the Value Date, or on the Business Day immediately following the Value Date as FXGiants elects. If a profit is incurred it will be

converted to Australian dollars on the Value Date, or on the Business Day immediately following the Value Date as FXGiants elects, and paid out to the client.

- (d) If delivery of foreign exchange is made in settlement of a Margin foreign exchange contract seven (7) days' prior written notice of delivery will be required and the entire amount of the foreign exchange to be delivered by the client must be paid (in cleared funds) to FXGiants at least two (2) Business Days prior to the Value Date.

3.12. CLOSING OUT

An open FX position for a forward date may be Closed Out or liquidated by the execution of an equal and opposite position. The execution of such an equal and opposite FX Transaction will give rise to a closed forward prompt position, namely a bought(buy) and a sold(sell) position for an identical amount of the currency in the same currency for settlement on the same value (or prompt) date (Value Date).

While closed forward prompt position profits cannot be paid until the Value Date, closed forward prompt losses must be fully covered by Variation Margin pending settlement. Closed forward prompt positions that are in profit or, if in loss are fully covered by Variation Margin, will generally not be secured by an Initial Margin since the final profit/loss has been set and covered. When this occurs, the amount payable on the Value Date will be the net value of the opening and the closing FX Transaction in the FX Transaction's currency.

Settlement will occur on the Value Date in the currency of the Account. If the Account is not denominated in the currency of the FX Transaction, FXGiants will on the Value Date or at a time determined by FXGiants, as it elects, convert the settlement amount to the currency in which the Account is denominated.

3.13. CONFIRMATIONS OF TRANSACTIONS

Due to the levels of volatility affecting both price and volume, FXGiants seeks to provide your order with the fastest execution reasonably possible. Your order (Buy Limit, Buy Stop, Sell Limit, Sell Stop, Stop Loss and/or Take Profit) are executed by FXGiants at the requested price. However, under certain market conditions, orders may not be filled at the exact price requested but instead at the best available price. This may occur during news announcements, during periods of volatile market conditions, on opening gaps (trading session starts), or on possible gaps where the underline instrument has been suspended or restricted on a particular market.

The confirmation of your FX Transactions, as required by the Corporations Act, may be obtained by accessing the daily statement online, which you can print.

Once you have entered an order into the online trading platform, the system may report the main features of your transaction in a "pop-up" window. This is a preliminary notification for your convenience and is not designed to be a Confirmation as required by the Corporations Act.

If you provided FXGiants with an e-mail or other electronic address, you consent to Confirmations being sent electronically, including by way of the information posted to your Account in the online trading platform. It is your obligation to review the Confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours.

3.14. STOP ORDERS

We may at our discretion accept an order from you to close a FX Transaction if our price moves to or beyond a level specified by you. This is known as a Stop Loss Order. You would generally choose to place a Stop Loss Order to provide some risk protection. For example, if your open position moves towards making a loss based on a level chosen by you, the Stop Loss Order would be triggered in

order to try to close your open position, depending on the FX Transaction you have. For example, your Stop Loss Order would be triggered if our bid price (for a Stop Loss Order that requires an order to sell a FX contract) moves against you to a point that is beyond the level specified by you (and accepted by us). Conversely, for example, your Stop Loss Order would be triggered if our offer price (for a Stop Loss Order that requires an order to buy a FX contract) moves against you to a point that is beyond the level specified by you (and accepted by us).

All Stop Loss Orders are subject to agreement by us, so you cannot be assured that you will always be able to have a Stop Loss Order. While FXGiants has absolute discretion whether to accept Stop Loss Order, it will generally try to do so, subject to market conditions and the reasonableness of your Stop Loss Order. Your order may not be unreasonable if, but not limited to, the level you have specified is beyond the level allowed for orders for FX Transactions.

Even if we accept your Stop Loss Order, market conditions may move against you in a way that prevents execution of your Stop Loss Order. For example, in volatile markets, our quoted prices might gap through your Stop Loss Order level, so that the closing level of quotes may be beyond the exact level specified by you. Another example is that not all of the Stop Loss Order can be fulfilled because the FX market does not have enough buyers and sellers in the volume of the FX to allow FXGiants to hedge its transactions which it makes in order to completely fulfill your Stop Loss Order.

Take Profit Order is intended for gaining the profit when the price has reached a certain level. Execution of this order results in closing the open position.

In any case, the Stop Loss Order, of any kind, is not a guarantee that it will actually be made. As with any order you place and which is accepted by FXGiants if that is in accordance with the Account Terms. For example,

FXGiants' hedge counterparties are required to ensure there is an orderly market, so their trading may be stopped by them or modified in order to comply with their obligation to maintain an orderly market. That means the stop loss order you place with FXGiants will be similarly affected, since FXGiants hedges its FX Transactions to you by making corresponding orders with its hedge counterparties.

Section 4 - Significant Risks

4.1. SIGNIFICANT RISKS

Using FX Transactions involves a number of significant risks. You should seek independent advice and consider carefully whether these FX Transactions are appropriate for you given your experience, financial objectives, needs and circumstances.

You should consider these significant risks involved in FX Transactions:

Market Risks: FX OTC contract trading, including options, is highly speculative and volatile. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You may incur large losses in short periods of time and may be unable to limit your losses. Your losses are limited to the credit balance of your Account or amount of Margin deposited by you.

The FX markets in general are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being FX market volatility. If you are entering into OTC contracts (such as FX) as a hedge, the impact of FX market volatility will not affect your position unless you have over hedged or under hedged.

Past performance of FX markets and currencies in particular, is never an assurance of future performance. The value of your Account may fluctuate according to foreign exchange rates and interest rates, as well as other market conditions which are outside of your control and which cannot be forecast.

Under FX market conditions from time to time, it could be difficult or impossible to Close Out a FX Transaction at a price that would confine the loss sustained by you within the amount of your Account.

Your loss on a FX Transaction could be very substantial, even if you try to Close Out the FX Transaction.

Stop Loss Orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order.

FX Transactions between you and FXGiants are not futures contracts and are not covered by the protections for exchange-traded contracts arising under the Corporations Act, or any exchange rules.

Margining: You could sustain a loss, greater than and not limited to, the Initial Margin and Variation Margin that you have deposited to us to establish or maintain a FX Transaction. If the FX market moves against your position, you are responsible for monitoring and meeting the Margin cover requirements.

Positions are ordinarily marked to market on a continuous basis. Your obligation to meet the Margin cover is not dependent on FXGiants giving you notice of that (i.e. a “Margin call”). You may be required to pay to us a Variation Margin in order to maintain your position. The amount of the Variation Margin may be substantial.

If you fail to provide those additional funds within the required time, your entire position may be liquidated at a loss and you will be liable for any shortfall in your Account resulting from that failure.

If a position is Closed Out, all of it may be closed not just a proportion needed to cover the Margin call.

There is no limit on the amount of Margin which may be called in order to meet a revised valuation of your transaction.

Leverage: Transactions under the FXGiants’ FX OTC contracts are leveraged.

This can lead to large losses which could be significantly disproportionate to your initial payment, Margin payments or other moneys credited to your Account.

Under or Over Hedge: If you have not correctly hedged your exposure by giving orders to us to enter into contracts, you may decide under your own risk management policies to add or to Close Out some of those contracts (to match your exposure). The loss or profit arising as a result of this additional trading with FXGiants will be credited or debited to your Account. You will need to take into account the cost of additional hedging adjustment contracts when considering your overall risk management.

Our powers on default, indemnities and limitations on liability: If you fail to pay, or provide collateral for, amounts payable to FXGiants or fail to perform any obligation under your FX Transactions, FXGiants has extensive powers under the Account Terms with you to take steps to protect our position including, for example, the power to Close Out positions and to charge default interest. Under the Account Terms you also indemnify FXGiants for certain losses and liabilities, including, for example, in default scenarios. Further, FXGiants’ liability to you is expressly limited (to the extent permitted by law) to performing its obligations. You should read the Account Terms carefully to understand these matters.

Credit or Counterparty risk: Given you are dealing with FXGiants as counterparty to every FX Transaction, you will have an exposure to us. The risk is that FXGiants is not ready, willing or able to meet its obligations under the FX Transaction with you. If FXGiants were to become insolvent, then we may be unable to meet our obligations to you in full or at all. You should satisfy yourself that FXGiants is able to meet its obligations to you under any FX Transaction. You can assess FXGiants’ financial ability to meet its counterparty obligations by reviewing its financial statements. Should you wish to be provided with a copy of our most recent

audited Balance Sheet and Profit and Loss statement for your review then please request this information directly from us and we will provide it free of charge.

In addition, FXGiants must comply with the financial requirements imposed under its AFS Licence.

Operational Risk: Operational risk is the risk of loss from disruptions to internal processes, people and systems or disruptions arising from external events. Such disruptions may affect the ability of FXGiants to price and settle your FX Transaction in a timely and accurate manner. This may result in contractual outcomes under the terms of the FX documentation which are less favorable to you.

Online trading platform: You should be aware that there are a number of risks associated with using internet-based trading platforms. These risks are not just risks in using our online trading platform but apply to other providers of trading platforms as well. Such risks include, but are not limited to, risks related to the use of software or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

A disruption to the FXGiants online trading platform could mean you are unable to trade in a foreign exchange product offered by FXGiants and that you may suffer a financial loss or an opportunity loss as a result. These risks and the occurrence of disruptive events are generally outside the control of FXGiants and, accordingly, you will have no recourse against FXGiants in relation to the use of or availability of our online trading platform or any errors in the software or related information systems.

4.2. HEDGE CONTRACTS AND LIMITED RECOURSE

FXGiants is liable to you as principal on all the transactions executed and the Company is the sole counterparty to the Clients' transactions.

Where FXGiants decides to hedge some of the Client's transactions then the Company will perform such action with its own funds and under its own name.

Since FXGiants is liable to you as principal on the transactions, the hedge counterparties have no contractual or other relationship with you in terms of hedging.

Before entering into a relationship with a hedge counterparty, the Company conducts a due diligence process taking into account the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangements, reporting processes, reliability, technology, fees and charges. The client acknowledges that:

- It is possible that the Company's hedge counterparty may become insolvent or it is possible that other clients of the hedge counterparty may cause a default which reduces the financial resources or capacity for the hedge counterparty to perform its obligations owed to FXGiants under the hedge contracts.
- The credit risk you have on FXGiants depends on its solvency generally as well as on the amount (and kind) of its capitalization, its cash flow, all of its business risks, its client and stock concentration risks, its counterparty risks for all of its business and transactions (not just the FX Transactions), its risk management systems and actual implementation of that risk management. Your credit risk on FXGiants will fluctuate throughout the day and from day to day, and you should take into account all of those factors and not rely only on past financial statements since that could be materially incomplete information for your purposes and not current and therefore potentially misleading as a guide to the current solvency and credit-worthiness of FXGiants. FXGiants is required to prepare and lodge with ASIC within four months of the end of the annual year an annual

director's report and an audited annual financial report, which are available from ASIC or by contacting FXGiants.

Section 5 - Costs, Fees & Charges

5.1. IMPORTANT PAYMENT FEATURES

FXGiants receives its income from the spread on FX Transactions (i.e. the difference between the bid and ask price).

5.2. FINANCE CHARGE/CREDIT

The value of the Withdrawable Funds is the amount calculated by FXGiants as the amount of cash which would be paid to you from the Account if requested. The Withdrawable Funds of the Account being the cash balance of the Account;

5.3. ROLL-OVER FEE/SWAP VALUE AND CHARGES

If you hold any positions overnight then an applicable swap charge will apply. The swap values are clearly stated on the FXGiants website and accepted by you during the account registration process as they are described in the FXGiants terms and conditions.

The swap rate is mainly dependent on the level of interest rates as well as FXGiants' fee for having an open position overnight. FXGiants has the discretion to change the level of the swap rate on each Financial Instrument at any given time and you acknowledge that you will be informed by FXGiants Website. You further acknowledge that you are responsible for reviewing the contracts specifications located on the FXGiants Website for being updated on the level of swap value prior to placing any order with FXGiants.

eg: FXGiants will charge you a "roll over fee" when your FX Transaction is rolled. This means that open positions held at the end of each Business Day will be rolled over and

remain open until the end of the next Business Day (unless the position is Closed Out).

The roll over fee will depend on the interest rate differential between the two currencies in the Currency Pair of your FX Transaction. If the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn the roll over fee. If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay the roll over fee.

5.4. ACCOUNTS DENOMINATED IN FOREIGN EXCHANGE

Your Account may be denominated in Australian dollars and or any other currencies permitted by FXGiants from time to time.

If you instruct FXGiants to effect a FX Transaction denominated in a currency different from the denomination of your Account currencies, FXGiants will not convert the currency value of your FX Transaction into the selected currency which may be your local currency but will remain in the currency of the transaction provided an account designated in the same currency has been set up. A specific instruction from the client is required and the calculation will generally only occur on a monthly basis at month end if your Account is traded over the desk.

The foreign currency conversions can expose you to foreign exchange risks between the time the FX Transaction is entered into and the time the relevant conversion of currencies occurs.

Section 6 - General Information

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. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by FXGiants.

6.1. QUERIES AND DISPUTES

If you have a query or dispute about a Confirmation, you must notify us of the query or dispute within 48 hours of receiving the Confirmation.

Any disputes about fees or charges must be brought to our attention within five (5) calendar days of the fee being applied. Please see section 6.8 in this PDS on “Dispute Resolution”.

6.2. ABOUT FXGiants

FXGiants is the holder of AFSL No. 417482 and authorised to (among other things) make a market in the following financial products:

- Derivatives; and
- Foreign exchange contracts.

Further information about FXGiants is available on our website at www.FXGiants.com/au

6.3. APPLICATIONS

You apply for an Account by completing an application form, available from FXGiants’ website or contacting FXGiants directly.

FX Transactions are made by using the online trading platform.

6.4. TAXATION IMPLICATIONS

The FX Transactions will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client.

Australia has a prescribed set of regulations for the purpose of determining the tax treatment of FX gains and losses.

Where you are entering into a FX Transaction for the purpose of hedging, the taxation consequences depend on the nature of the underlying transaction or the asset/liability which is being hedged.

You should consult your tax advisor before trading in these financial products. The

information in section 6.4 should be regarded as general information only.

6.5. COOLING OFF

There is no cooling off arrangement for FX Transactions.

6.6. ETHICAL CONSIDERATIONS

FX Transactions made for your Account do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into account by FXGiants when making, holding, varying or ending FX Transactions.

6.7. FXGiants INSURANCE

FXGiants is covered by compensation arrangements that satisfy the requirements of section 912B of the Corporations Act.

Subject to its terms and conditions, these arrangements cover certain clients for loss or damage suffered as a result of breaches of the relevant obligations of FXGiants, its employees and representatives in relation to its AFSL.

Subject to its terms and conditions, the compensation arrangements also cover certain breaches by the employees and representatives of FXGiants at the relevant time.

If the insurance policy is insufficient or the insurer fails to performance obligations, FXGiants may not be able to make the payments it owes to you.

6.8. DISPUTE RESOLUTION

FXGiants wants to know about any problems you may have with its service so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please see the document “Dispute Resolution and Complaints Handling Policy” available on FXGiants’ website or by contacting your advisor, and then take the following steps:

1. Contact FXGiants and tell us about your complaint. You may do this by telephone, facsimile, email or letter.

We will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within 48 hours of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 4 weeks of receipt of your written complaint.

2. If you still do not get a satisfactory outcome, you have the right to complain to the Australian Financial Complaints Limited ("AFCL"), if your complaint is within its rules. Australian Financial Complaints Authority ("AFCA") is an external dispute resolution scheme. The contact details for AFCA are:

- Postal Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne, VIC 3001
- Telephone: 1800 931 678
- Website: www.afca.org.au

We are a member of the AFCA complaints resolution scheme. The service to you is free.

3. The Australian Securities and Investments Commission (ASIC) also has telephone info lines on 1300 300 630 (within Australia) and + 61 3 5177 3988 (outside Australia) which you may use to make a complaint and obtain information about your rights.

6.9. PRIVACY

FXGiants has a Privacy Policy which describes its obligations in managing the personal sensitive information of Clients, potential clients and others. A copy of our Privacy Policy is available on our web site www.FXGiants.com/au

6.10. CONSUMER ADVISORY WARNING

The financial products offered in this PDS define derivatives as in the Corporations Act. You should not engage in derivative transactions or enter into derivative related contracts unless you properly understand the nature of derivative related products and are comfortable with the attendant risks. You should obtain financial, legal, taxation and other professional advice prior to entering into a FX Transaction to ensure this is appropriate for your objectives, needs and circumstances and in relation to the impact of any gains or losses on your particular financial situation. Finally, it is important that you understand that when you enter into a FX Transaction you are not trading in the Underlying Asset.

6.11. REMUNERATION OF OUR ADVISERS AND THIRD PARTIES

(a) Remuneration and other benefits received by our employees

Our employees who provide you with transaction execution may receive remuneration for the provision of these services. Our employees also receive salaries, performance-related bonuses and other benefits.

(b) Sharing of Commissions and other amounts

We may share charges or benefits with our associates or other third parties or receive remuneration from them in respect of transactions we enter into with you. We may share such amounts with introducing advisers and referrers for the introduction or referral of Clients to us.

(c) Referral benefits for other services providers

You may have been referred to us by a service provider who may receive financial or non-financial benefits from us. These should have been disclosed to you by the services provider in question. Please note that such benefits will not impact transaction fees, the rate you will be offered

or deposits or installments payable for financial products or services undertaken with us.

Section 7 - Glossary

Account means your account with FXGiants established under the Account Terms.

Account Terms means the terms of your Account with FXGiants by which you deal in FX Transactions. The Account Terms can be found on our website at www.FXGiants.com/au

AFSL means Australian Financial Services Licence.

ASX means the securities and other Exchanges operated by ASX Limited (including, when applicable the SFE).

Australian Dollars, AUD or A\$ means the lawful currency of the Commonwealth of Australia.

Base Currency means the fixed currency.

Base Rate means the amount nominated by FXGiants for this term from time to time, as notified to you or posted on its website.

Business Day means a weekday which is not a gazetted public holiday in Sydney.

Client refers to the person who has an Account.

Close Out, Closed Out in relation to a FX Transaction means discharging or satisfying the obligations of the parties under the FX Transaction and this includes:

- (a) by delivering the amount or value of the Term Currency required in accordance with the Account Terms of the FX Transaction;
- (b) as a result of the matching up of the FX Transaction with a FX Transaction of the same kind under which you have assumed an offsetting opposite position; and
- (c) Making adjustments for fees and charges.

Confirmation means any confirmation of a Transaction issued by us or on our behalf to you and includes an electronically transmitted confirmation.

Corporations Act means the Corporations Act 2001 (Commonwealth) as amended.

Currency Pair means the Base Currency and the Term Currency together.

EST means Eastern Standard Time.

Exchange means the Sydney Futures Exchange operated by Sydney Futures Exchange Limited (ABN 83 000 943 377), the Australian Securities Exchange operated by ASX, the Options Clearing House operated by Australian Clearing House Pty Limited (ABN 48 001 314 503), or any other exchange or market in which FXGiants participates from time to time, whether directly or through agents or other market participants.

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the Account Terms.

FXGiants means Notesco Pty Ltd ABN 78 143 154 698 AFSL No. 417482.

Initial Margin means the amount which you are required to pay to FXGiants as the initial Margin cover for any FX Transaction which you propose to enter into.

Margin means the balance of the amount of cash or other assets required to cover dealing through an Account.

Margin Call means a demand for additional funds to be deposited into your account to meet margin percentage requirements because of adverse price movements.

Online trading platform means the electronic trading platform offered by FXGiants to enable the client to trade in FX Transactions.

OTC contract means an over-the-counter contract for a financial product, including options and contracts in respect of foreign exchange or other commodities, such as metals.

Stop Loss Order is an order that you place which allows you to set a price at which you would like to exit the position should the price of the Term Currency move against you.

Take Profit Order is intended for gaining the profit when the price has reached a certain level. Execution of this order results in closing the open position.

Term Currency means the variable currency.

Transaction Fee means the fee or commission from time to time specified by FXGiants to be the amount payable by you to FXGiants in respect of each FX Transaction as set out in this PDS or as later varied in accordance with the Account Terms and this PDS.

Value Date means the date agreed at the time the relevant FX Transaction is entered in to, to be the date of settlement of that FX Transaction (specified in the Confirmation).

Variation Margin means an amount which you are required to pay to FXGiants as additional Margin cover.

Withdrawable Funds means the amount calculated by FXGiants as the amount of cash which would be paid to you from the Account if requested. The Withdrawable Funds of the Account, being:

- the cash balance of the Account;
- plus the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Account; and
- Minus the value of all Margins cover requirements for all FX Transactions on the Account and all Trading Accounts.

Some expressions used in this PDS which are set out in this Glossary are based on the definitions in the Account Terms. You must read all of the Account Terms in full, including all of the full definitions in the Account Terms. The Account Terms can be found on our website at www.FXGiants.com/au

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