

# CMC Markets Asia Pacific Pty Ltd

ABN 11 100 058 213

AFSL 238054

## Financial Services Guide

Date - 27 June 2008

## 1. CMC Markets Asia Pacific Pty Limited

CMC Markets Asia Pacific Pty Limited is a member of the CMC Markets group of companies. The CMC Markets group has offices in Hong Kong, Beijing, Sydney, London, Frankfurt, Toronto and New York.

Our details are set out below. “We”, “us”, “our” or “CMC Markets” in this Financial Services Guide (“FSG”) refers to CMC Markets Asia Pacific Pty Limited.

Registered & Business address	Postal address
CMC Markets Asia Pacific Pty Ltd Level 44, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000, Australia	CMC Markets Asia Pacific Pty Ltd P.O. Box R1879 Royal Exchange, N.S.W 1225 Australia

**ACN:** 100 058 213

**AFS Licence:** 238054

**Phone:** 1 300 303 888 (in Australia only)

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**Website:** [www.cmcmarkets.com.au](http://www.cmcmarkets.com.au)

## 2. Purpose and content of this FSG

This FSG is dated 17 October 2007 but does not come into effect until 24 October 2007. It is designed to help you to decide whether or not to use any of the services we offer in this FSG. It aims to clearly define the role and responsibility of CMC Markets when it provides retail clients with the financial services described in Sections 4.1 and 5. Those financial services relate to the derivative products (“CMC Products”) that you deal in with CMC Markets.

This FSG contains important information about:

- the financial services we offer;
- how we and other relevant persons are paid for those services;
- the capacity in which we act when we provide financial services; and
- our internal and external dispute resolution procedures and how you can access them.

The key information is set out in answers to the questions below.

If you need more information or clarification, please telephone the Sales Department on 1300 303 888 (within Australia only) or + 61 2 8221 2100.

## 3. Product Disclosure Statement and other documents

You may receive our Product Disclosure Statement (“PDS”) if we offer to issue a CMC Product to you. Before you can open an account with us to trade CMC Products you must have received the PDS. The PDS contains information about CMC Products, including risks and benefits, costs, fees and charges, how to trade in CMC Products, dispute resolution, significant characteristics and features of CMC Products, and tax considerations. The PDS is available from our website or by telephoning us.

This FSG and the PDS are important documents and should be read in their entirety in deciding whether to acquire or to continue to hold CMC Products. You should keep this FSG, the PDS including the Terms of Business, all other documents described in [Section 4.2](#), and any updated information that is provided to you (“CMC Documents”), for future reference.

Defined terms in the PDS have the same meaning in this FSG.

## 4. Dealing in CMC Products

### 4.1 CMC Products

CMC Markets offers the following financial products to its customers in Australia:

- Contracts for Difference (“CFDs”) on individual Shares and other securities;
- CFDs on indices and sectors;
- CFDs on gold and silver;
- CFDs on foreign exchange;
- CFDs on treasury and commodity futures
- CFDs on index and currency futures; and;
- such other products as are notified to you from time to time.

In general terms, a CFD is an agreement between you and CMC Markets which allows you to make a profit or loss from fluctuations in the price of the CFD. The price of the CFD will be based on the price of the underlying asset or index. See our PDS for further details on CMC Products.

### 4.2 Dealing in CMC Products

Your dealing in CMC Products with CMC Markets will be undertaken in accordance with the following documents that you will have received from CMC Markets (eg by downloading from its website):

- this FSG;
- the application form;
- the PDS, including the Terms of Business;
- the CMC Product Schedules; and
- the **Marketmaker**<sup>®</sup> end-user licence agreement.

This FSG should be read in conjunction with the above documents before you commence dealing in CMC Products.

### 4.3 Consult your financial adviser

Before dealing in CMC Products you should give consideration to your objectives, financial situation, needs and the risks of loss associated with dealing in CMC Products, in order to assist you in deciding whether CMC Products are suitable for your purposes.

CMC Markets recommends that potential customers seek advice from an appropriately qualified independent financial advisor before deciding to make an application to open an account with CMC Markets.

### 4.4 Who regulates CMC Markets?

CMC Markets is regulated in Australia by the Australian Securities and Investments Commission and holds an Australian Financial Services Licence (No. 238054).

### 4.5 CMC Markets' Privacy Policy

All information that CMC Markets collects about you will be treated in accordance with our privacy policy which can be found in the PDS and online at [www.cmcmarkets.com.au](http://www.cmcmarkets.com.au).

CMC Markets' Privacy Policy is in line with the National Privacy Principles. CMC Markets ensures that all personal and private information collected will be kept confidential and secure and will not be disclosed to any third party without permission.

## 5. What financial services does CMC Markets provide?

CMC Markets is authorised under its Australian Financial Services Licence to:

- issue and otherwise deal in derivatives such as CMC Products;
- make a market in CMC Products and other derivatives; and
- give general advice about CMC Products and other derivatives.

We are authorised to provide these financial services to retail and wholesale clients.

CMC Markets will often provide information and advice to its clients about CMC Products. This information and advice will only be **general** in nature because it will not take into account your personal financial situation, objectives or needs. This type of advice is discussed in more detail in [Section 5.1](#).

CMC Markets will **not** provide you with **personal advice**. In particular, we will not advise you when and if to open, maintain or close a position. We discuss this in more detail in [Section 5.1](#) and [5.2](#).

### 5.1 What is general advice?

**General advice may differ from what you might commonly understand or expect.**

General advice under Australian law can include information about CMC Products and the underlying markets and CMC Markets' opinions about, or outlook for, CMC Products.

Any information you have requested about CMC Products and the markets, or have discussed with a CMC Markets employee should only be regarded as general advice.

If you require **personal advice** specific to your particular financial situation, objectives or needs, you will need to speak to your financial adviser. CMC Markets does not give **personal advice**.

Any discussions with CMC Markets employees about his or her view of current or future market conditions or prospects for a particular CMC Product should not be seen as personal advice, as he or she will not have taken into account your particular financial circumstances, objectives or needs. Rather, it should be regarded as general information for your consideration prior to making any decision to deal in any CMC Product.

### 5.2 What is personal advice?

Personal advice is advice that takes into account any of your objectives, financial situation or needs. CMC Markets will not give you **personal advice**. Should you require **personal advice** please contact your financial adviser.

### 5.3 How do I deal in CMC Products?

You may place orders to deal in CMC Products by using the electronic dealing platform known as **Marketmaker**<sup>®</sup> through a computer connected to the internet or your compatible mobile telephone. You can also place orders by telephoning CMC Markets' dealing desk on 1300 789 181 (within Australia) or +61 [0] 2 8221 2160 (outside Australia) or +61 [0] 2 8221 2166 (Chinese).

There are special types of orders that you can place when dealing in CMC Products. Some of those orders are described in detail in the PDS. Should you require further information about the types of orders that you can place when trading CMC Products, ask a CMC Markets employee.

When using **Marketmaker**<sup>®</sup> dealing software through your computer you may view all your positions at any point in real-time, as well as all deals, orders, pending orders and statements using the online back office facility. In the first instance you should use the electronic facility to confirm all dealings undertaken with CMC Markets and to monitor your obligations. CMC Markets will also send you communications, including daily and monthly statements and margin call advice in electronic form. More information about **Marketmaker**<sup>®</sup> can be found in the PDS.

### 5.4 What is CMC Markets' position when dealing in CMC Products with you?

CMC Markets is a market maker and an issuer of CMC Products, not a broker. CMC Markets therefore acts as principal on our own behalf when providing financial services to you. We do not act as your agent.

## 5.5 Who is responsible for the advice given to me?

When you speak with us, you are dealing with one of CMC Markets' employees. CMC Markets is therefore responsible to you for any general advice given to you.

## 6. How will I pay for the financial services?

CMC Markets will not charge any specific fee for giving you information and general advice about CMC Products.

CMC Markets as issuer of the CMC Products will receive the following amounts, all of which are described in more detail in the PDS for CMC Products. This FSG only contains a general summary of the common fees, costs and charges. You should refer to the PDS for further details. All fees, costs and charges and other amounts payable are subject to change from time to time.

The fees and charges that you pay to CMC Markets may ultimately benefit other members of the CMC Markets group and their associates.

### 6.1 What are the common fees, costs and charges that I will pay when trading with CMC Markets?

Type	Description
Commissions – Share, Index, Sector, Bullion and Treasury CFDs	<p>Commissions are charged to Australian Clients on each share CFD trade and to Foreign Clients on each share and sector CFD trade.</p> <p>The commission charged will depend on the type of contract being traded. It will be either:</p> <ul style="list-style-type: none"> <li>• the minimum specified amount for that contract type; or</li> <li>• the relevant commission rate multiplied by the notional value of the CFDs traded, whichever is higher.</li> </ul> <p>For example, the commission on an individual share CFD trade will (subject to the minimum commission) be calculated as a percentage of the notional value of the trade.</p> <p>The minimum commission amount and the commission rate for share CFDs will vary depending on which underlying market the underlying security is traded, and are set out in the PDS.</p> <p>Commissions on Index, Commodity and Share CFDs are charged to Foreign Clients. The commission charged is the amount calculated by reference to the Rate per CFD multiplied by the number of CFDs.</p> <p>The commission Rate per CFD varies depending on the Underlying Market to which the CFD relates and is specified in the PDS.</p> <p>Commissions are charged in the currency in which the instrument is denominated. Commissions are charged in the currency in which the instrument is denominated.</p>
Financing charges on long share, index and sector CFDs	<p>If you hold a long share, index or sector CFD overnight we will charge you interest for the total notional value of the position at the relevant financing rate. The rate is determined by adding a percentage rate for the particular type of CFD, to a country specific relevant interest rate (eg the Reserve Bank Overnight Rate for Australian Share CFDs), which is determined by CMC Markets from time to time (the "<b>Relevant Interest Rate</b>").</p> <p>The financing rates are set out in the PDS.</p> <p>Financing charges are debited from your account on a daily basis.</p>
Rollover charges on forex CFDs and bullion CFDs	<p>Forex CFDs and bullion CFDs that are rolled over may incur a rollover charge. The rollover charge is calculated according to the applicable rate in the interbank markets, the size of the position, the duration of the rollover period, the spread applied by CMC Markets, and (for forex CFDs only) the currency pair ("<b>Rollover Rate</b>").</p>

	<p>The charge you pay at the Rollover Rate is reflected in the price at which your open position is rolled forward.</p> <p>Rollover Rates are calculated on an ongoing basis by CMC Markets.</p>
Interest charges on a debit account balance	<p>If you have a debit balance on your currency ledger account after the total margins for CFDs valued in that currency have been taken into account, interest will be charged on the debit balance (notwithstanding the cash balance in your account or any collateral that you may have provided to CMC Markets). The interest rate used is based on the Relevant Interest Rate (see above) for that currency, plus 3%. Any interest due is deducted from your account on a daily basis.</p>
Exchange fees	<p>An exchange fee of up to AUD49.50 (inclusive of GST) per calendar month may be charged. The exchange fee is debited from your account at the end of each month.</p> <p>You will not have to pay an exchange fee for any given month if the total commission you incur for any given calendar month is AUD50 or greater.</p>

You may also be required to pay certain other amounts to us being:

- **Dividend adjustments:** If you hold a short CFD position, with a share as its underlying reference instrument, your account will be charged an amount equal to any cash dividend paid on the underlying share. If an Australian share is its underlying reference instrument, CMC Markets will endeavour to hedge its exposure to your short position by borrowing the Australian share from a non resident of Australia for Australian tax purposes. However, if CMC Markets must borrow the underlying Australian share from an Australian tax resident, your account will also be adjusted for any amount charged to CMC Markets for any franking credit in respect of the dividend, in addition to the amount of the cash dividend. For sector and index CFDs, the dividend adjustment will reflect the weighting of the relevant entity's security in the sector or index. Adjustments will be charged to your account by close of business on the day following the ex-dividend date;
- **Premiums for guaranteed stop-loss orders relating to share CFDs, index CFDs and sector CFDs:** The amount of the premium that you must pay is calculated by multiplying the premium, which may be expressed in points or as a percentage, for the relevant CFD, by the notional value of the relevant CFD order. The premium points or percentage for each type of share, index and sector CFD is set out in Section 4 of the PDS. The premium is charged to your account at the time the order is accepted;
- **Minimum account opening amount:** To open an account a minimum amount of AUD1,000 or its currency equivalent must be deposited. Note that you are also required to maintain a minimum equity balance in your account or we may close out some or all of your positions (refer to the PDS for further details of when we may close out your positions);
- **Margin:** Initial margin is payable on acceptance of your order and margin requirements are calculated on an on-going basis. You must maintain an amount in your account on an on-going basis sufficient to satisfy margin requirements. The amount of margin required is generally calculated as a percentage of the notional contract value (the calculation of which varies depending on the type of CFD). Margin rates and the method of calculation of margin are set out in the PDS. They also vary depending on the type of CFD and the underlying market.

Fees and charges that you pay in connection with a CMC Product will be shown on your daily statement.

In addition, being a market maker, CMC Markets may charge a bid / offer spread in respect of its CFDs, which will also affect the profits or losses you make when dealing in CFDs.

## 6.2 What administration charges will I pay?

CMC Markets will also charge the following administrative charges in respect of CMC Products:

## Until 19 November 2007:

Administration function	Fee
Withdrawals from your account	AUD1.50
B-Pay Receipts	AUD1.50
U.S.A. USD Receipts	USD11.00
U.S.A USD Telegraphic Transfers	USD30.00
HKD Receipts	HKD5.00
HKD Telegraphic Transfers	HKD40.00
Foreign Currency Telegraphic Transfers	AUD30.00 or HKD120.00
Credit Card Receipts (AUD)	1.8% of the transaction
Credit Card Receipts (HKD, USD, NZD)	3% of the transaction
Duplicate Statements by post	AUD40.00
Transcripts of Telephone Conversations Upon application	Upon application
Returned Cheque Fee	Upon application
Audit Certificates	Upon application
Debt Collection	First Call AUD25.00 Second Call AUD50.00 Referral to Agency AUD150.00

## After 19 November 2007:

Administration service	Fee	
	Australian Clients	Foreign Clients
<b>Receipts</b>		
Electronic Funds Transfer (AUD)	AUD1.50	n/a
B-Pay® (AUD)	AUD1.50	n/a
Cash & cheque deposits (AUD)	AUD3.00	n/a
Telegraphic transfer	Upon Application	n/a
Credit card (Visa/MasterCard excluding corporate/commercial/platinum) (AUD)	1.80%	1.80%
Credit card (corporate/commercial/platinum Visa/MasterCard) and (non-AUD)	3.00%	3.00%
Credit card (non Visa/MasterCard) (AUD, NZD, USD, HKD)	3.00%	3.00%
<b>Withdrawals</b>		
Electronic Funds Transfer (AUD)	AUD1.50	n/a

Cheque withdrawals (AUD)	AUD5.00	n/a
Telegraphic transfers (beneficiary outside Hong Kong and China)	AUD30.00	AUD30.00
Telegraph transfers (beneficiary account in Hong Kong or China) (USD)	n/a	USD20 or HKD equivalent
Telegraph transfers (beneficiary account in Hong Kong) (HKD)	n/a	HKD50.00
Telegraph transfers (beneficiary account in China) (HKD)	n/a	HKD100.00
Telegraph transfers (beneficiary account in Hong Kong or China) (non USD or HKD)	AUD30.00	AUD30.00
<b>Other</b>		
Duplicated statements by post	AUD40.00 per statement	AUD40.00 per statement
Returned cheque fee	Upon application	Upon application
Transcripts of telephone conversations	Upon application	Upon application
Audit certificates	Upon application	Upon application
Debt collection	First call AUD25.00	First call AUD25.00
	Second call AUD50.00	Second call AUD50.00
	Referral to agency AUD150.00	Referral to agency AUD150.00

Administration charges are subject to change from time to time and are deducted from your account on or shortly following occurrence of the relevant event.

### 6.3 What benefits are paid by CMC Markets to introducing advisers and referrers?

CMC Markets may pay commission or provide other benefits to introducing advisers and referrers for the introduction or referral of clients to CMC Markets.

The commission paid by CMC Markets to introducing advisers and referrers may include one or more of the following:

- amounts calculated as a percentage of the commission paid by you to CMC Markets when you trade CFDs with CMC Markets, up to a maximum of 90% of the commission paid by you;
- amounts calculated as a percentage of the finance charges paid by you to CMC Markets in relation to CFD positions held overnight up to a maximum of 80% of the finance charges paid by you;
- amounts calculated as a percentage of the difference in the interest earned by CMC Markets on moneys that you have deposited with CMC Markets and the interest that CMC Markets has paid to you on such moneys, up to a maximum of 50% of the difference;
- a share of CMC Markets' spread income generated from your trading in non-share CFDs, up to a maximum of 0.25 ticks per trade. (one tick equals the minimum price change between two successive transaction prices);
- amounts equal to any additional spread income generated from your trading in non-share CFDs. This will be paid where your introducing adviser has requested that their clients be charged a premium to the standard CMC Markets spread, due to the added service they are providing to their clients. This will be either the difference between the spread at which you deal and the CMC spread or a flat rate as notified to you by the introducing adviser and CMC Markets.

The amount of commission paid to introducing advisers and referrers is negotiated on an individual basis and is typically based on a sliding scale, which takes into account:

- the number of clients the introducing adviser or referrer introduces or refers to CMC Markets; and
- the number of CFD trades made by clients introduced or referred to CMC Markets.

CMC Markets may also provide non-cash benefits to referrers and introducing advisers, including data feeds of CMC Markets' prices.

Alternatively, CMC Markets may pay a fixed fee to referrers for each client they refer to CMC Markets. This referral fee will typically be AUD\$75, although a referral fee of up to AUD \$150 per client may be paid to referrers. Unlike the variable commission and benefits outlined above, this fixed fee is not based on the amounts paid by you in respect of executing trades, financing charges or interest earned on deposited funds.

#### 6.4 Can I ask for further information about fees and charges?

You may request particulars of the remuneration (including commission) or other benefits described in this FSG. That request must, however, be made within a reasonable time after you are given this FSG and before any financial service identified in this FSG is provided to you.

## 7. What should I know about the risks of trading CMC Products?

Carefully consider whether dealing in CFDs is appropriate for you in the light of your financial circumstances. In deciding whether or not you wish to become involved in dealing in CFDs with CMC Markets, you should be aware CFDs are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investments such as share trading and you could both gain and lose large amounts of money. You may sustain losses in excess of the moneys you initially deposit and also in excess of the margin required to establish and maintain a CFD position with CMC. In certain circumstances, CMC Markets may exercise its discretion to close out your CFD position.

You should not invest in CFDs unless you understand and are comfortable with the risks of dealing in CFDs. You should refer to the PDS for further details.

## 8. If you have any complaints

### 8.1 Who can I complain to if I have a complaint about CMC Markets' financial service?

CMC Markets is committed to providing a high standard of service to its clients. If you have a query about the quality or level of service, or if we have failed to meet your expectations, we would like to hear from you.

Firstly, contact CMC Markets and speak to an employee. Explain carefully the nature of your problem and tell us how you would like us to fix the problem. Most often, problems can be quickly rectified and the sooner you refer an issue to us the better for everyone.

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

Customer Care Manager
CMC Markets Asia Pacific Pty Ltd Governor Phillip Tower Level 44, 1 Farrer Place Sydney NSW 2000 Australia

At this stage it will help us if you complete a customer feedback form which is available on our website. If CMC Markets does not resolve your complaint to your satisfaction, you may lodge a complaint with the Financial Industry Complaints Service ("FICS"), which is an independent disputes resolution scheme of which CMC Markets is a member.

Before FICS deals with your complaint you must have first lodged a formal complaint with us and given us time to resolve the complaint internally. This generally takes 45 days, although we may extend this time in complex cases.

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

Financial Industry Complaints Service
PO Box 579 Collins Street West Melbourne 8007 <a href="http://www.fics.asn.au">www.fics.asn.au</a>

If the dispute or difference does not fall within the rules of FICS, you may request CMC Markets to submit the dispute or difference to arbitration. If CMC Markets agrees to your request, the arbitration will be conducted in accordance with, and subject to, the Institute of Arbitrators and Mediators of Australia Expedited Commercial Arbitration Rules, and to the extent permitted under those rules the Arbitrator will be a person recommended by the New South Wales Chapter of the Institute of Arbitrators and Mediators of Australia.

If CMC Markets does not agree to your request, you may not submit the dispute or difference to arbitration, although you may commence legal proceedings against CMC Markets, in which case you agree to submit the dispute or difference to the courts of New South Wales, Australia.

To the maximum extent permitted by law, any dispute or difference whatsoever raised by you in connection with the CMC Documents and CMC Products must be dealt with in Australia as described above. The CMC Documents are governed by the laws of New South Wales, Australia.

## 8.2 What is the effect of a determination by FICS or the arbitrator?

You and we agree to accept the determination of FICS or the arbitrator, as the case requires, as final and binding and submit to the non-exclusive jurisdiction of the Courts in New South Wales for the enforcement of any such determination.

## 8.3 Am I able to obtain a copy of any recordings of my telephone conversations with CMC Markets employees?

CMC Markets may record telephone conversations between you and its employees. Such recordings, or transcripts from such recordings, may be used as evidence in any dispute or anticipated dispute between CMC Markets and you. Recordings or transcripts made by CMC Markets of your telephone conversations may be destroyed under CMC Markets' normal practice, which is to destroy them usually, but not necessarily, three calendar months after the date of the conversation.

Please note that CMC Markets may charge you an administration charge for any recording or transcript that you request. The charges for such services are available from CMC Markets upon request.

# 9. CMC Markets' employees

## 9.1 How does CMC Markets provide its financial services in relation to CMC Products?

CMC Markets provides its financial services to through its employees.

## 9.2 How are CMC Markets' employees and directors paid?

CMC Markets' employees and directors are remunerated by way of salary and other employee benefits. A discretionary cash bonus may be paid to employees and directors as part of their remuneration, based on their performance, the performance of their business unit and/or the performance of CMC Markets as a whole.

When CMC Markets' employees provide services to you on CMC Markets' behalf, they do not receive any payments, commissions or other benefits which are directly related to the value or volume of services they provide to you.

### **9.3 Professional Indemnity Insurance**

CMC Markets has Professional Indemnity insurance in place as required by law to support its obligations in relation to the compensation of clients should we breach the financial service provisions of the Corporations Act. This includes conduct of current and former representatives and employees.