

CMC Markets Asia Pacific Pty Ltd
CFD Product Disclosure Statement
– **CMC Tracker (PDS)**

26 March 2012

AFSL No. 238054 and ABN 11 100 058 213

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1 Important information

1.1 About this PDS

This PDS is issued by CMC Markets Asia Pacific Pty Ltd (CMC Markets) in connection with contracts for difference issued by us and traded through the CMC Tracker platform (CFDs). This PDS is designed to assist you in making an informed decision regarding opening an Account and trading CFDs. You should note that this PDS contains information specific to CFDs that is not applicable to contracts for difference traded through any other platform. This PDS forms part of the agreement under which we will provide Products and Services to you. Before deciding whether to trade with us, you should consider this PDS and whether trading CFDs is a suitable investment for you.

The agreement between you and us (Agreement) consists of this PDS, the CMC Markets Financial Services Guide (FSG), the CMC Markets Rates Schedule, the Product Library, any Confirmation and any other terms and conditions published by us from time to time on the Platform or on our website. The Product Library contains a list of Products and key information relating to each Product and is accessible through the Platform or on our website.

We recommend that you consider the Agreement and in particular this PDS and obtain independent financial, taxation and other professional advice, before you apply to open an Account with us.

CFDs are speculative products, and, when leveraged they can place a significantly greater risk on your investment than non-leveraged investment strategies such as conventional share trading. You will find more about risk factors associated with trading in CFDs in section 10 ("Significant risks of trading CFDs"). You may incur losses in addition to any fees and costs that apply. These losses may be far greater than the money you have deposited into your Account or are required to deposit to satisfy your Margin Requirement.

This PDS is dated 26 March 2012. The current Agreement (including this PDS) supersedes all previous oral or written representations, arrangements, understandings and/or agreements between you and CMC Markets which relate to the Products and Services.

The version of this PDS published on our website at the time of entering into a Transaction governs that CFD. Information within this PDS or that otherwise forms part of the Agreement is subject to change from time to time and, where it is not materially adverse to you, may be updated by us by posting it on our website at cmcmarkets.com.au.

If you are receiving advice from an Introducing Adviser, you should also refer to their financial services guide.

Section 15 of this PDS contains a Glossary in which various words and phrases used in this PDS are defined. If you do not understand a word or phrase, you should refer to the Glossary. Terms that have been included in the Glossary are capitalised in this document.

1.2 How to contact CMC Markets

CMC Markets Asia Pacific Pty Ltd	
Registered office & business address	Customer Management Team CMC Markets Asia Pacific Pty Ltd Level 44, Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
Postal address	Customer Management Team CMC Markets Asia Pacific Pty Ltd PO Box R1879 Royal Exchange NSW 1225 Australia
Phone	Customer Management Team and Account opening queries: 1300 303 888 (only in Australia)
Fax	+61 (0)2 8915 9484
Email	info@cmcmarkets.com.au
Web	cmcmarkets.com.au

1.3 What are CMC Markets' Trading Hours?

Trading Hours depend on the relevant Underlying Market's hours of operation. You will find the details of various Trading Hours in the Product Library. Trading Hours may also be affected by public holidays.

1.4 Who is the issuer of the PDS and the CFDs?

CMC Markets is the issuer of this PDS, and the issuer of Products referred to in this PDS.

CMC Markets is regulated in Australia by ASIC and holds Australian Financial Services Licence No. 238054.

1.5 Applying to trade with CMC Markets

Before you begin trading in CFDs you must complete an Application Form. Before completing the Application Form you should consider this PDS, the CMC Markets Rates Schedule and our FSG (and the financial services guide of your Introducing Adviser where applicable) and the other documents that make up the Agreement. Application Forms are available from our website.

If CMC Markets, in its discretion, accepts your application, CMC Markets will open the Account.

1.6 References to other parties

No other entities or Underlying Markets have endorsed the CFDs we issue nor do they accept any responsibility for any statements contained within this PDS. References in this PDS or any other part of the Agreement to an Underlying Instrument Entity or Underlying Market are included solely for information purposes.

1.7 CMC Markets does not give personal advice

We will not give you personal financial product advice. However, related entities or Introducing Advisers may give you such personal financial product advice. To find out more about the services they may be able to offer, you will need to refer to their relevant financial services guide.

Information we provide is general information only. Any information provided to you on our website, through the Platform, via e-mail, at

any training events or otherwise is generic and must not be treated as advice that is suitable for you or based on a consideration of your personal financial circumstances. Such information is provided merely to assist you in exercising your own judgment when trading with us and we are not responsible for the investment decisions that you make. Accordingly, before applying to trade with us, you must consider your objectives, financial situation and needs and the significant risk

of loss which accompanies the prospects of profit associated with trading in CFDs. We recommend you read this PDS carefully and obtain independent financial, taxation and other professional advice concerning this PDS and the other parts of the Agreement before you apply to open an Account with us. We can't guarantee specific results from trading in CFDs.

1.8 Regulatory Guide 227

Regulatory Guide 227 (RG227) issued by ASIC sets out 7 disclosure benchmarks for over the counter contracts for difference. Product disclosure statements must address the benchmarks on an "if not, why not" basis.

The table below set out CMC Markets' disclosure against the benchmarks for this PDS:

Benchmark	Meets	Explanation
1. Client Qualification	✓	CMC Markets assesses an investor's qualification for CFD trading at the time of application. See section 2.3 ("Account opening process") for more information.
2. Opening Collateral	x	This benchmark requires an issuer to only accept cash or cash equivalents (such as credit cards) as opening collateral when establishing an account and limits credit card payments to \$1000. CMC Markets accepts credit cards as well as BPay and bank transfer but does not place limits on credit card payments. This is done in order to maximise payment flexibility for Customers and to not restrict your choice of funding method. See section 8.3 ("Payments and Withdrawals") and section 10.13 ("Risks of trading on credit") for more information
3. Counterparty Risk – Hedging	✓	CMC Markets maintains a written policy to manage its exposure to market risk from open positions. See section 10.4 ("Warning about counterparty risk") and the risks section of our website for more information.
4. Counterparty Risk – Financial Resources	✓	CMC Markets maintains and applies policies to ensure that it meets the financial requirements of a holder of an Australian Financial Services Licence. See section 10.4 ("Warning about counterparty risk") for more information. Financial stress tests are done on a global basis by CMC Markets' related entity, CMC Markets UK plc.
5. Client Money	✓	CMC Markets has a well-defined Client Money policy and holds client money on trust with a tier 1 Australian bank on a fully segregated basis. This means that we do not use client money for any purpose, including meeting obligations incurred by us when Hedging with other counterparties or meeting the trading obligations of other Customers. See section 9 ("Client Money") for more information.
6. Suspended or halted underlying assets	✓	CMC Markets does not allow trading in positions when there is a trading halt in an Underlying Reference Instrument. See section 7 ("Adjustment Events") and section 11 ("CMC Markets Discretions") for more information.
7. Margin Calls	✓	CMC Markets has a clear policy in relation to margin and our rights to close out positions. See section 2.10 ("what is your Margin Requirement") and section 6 ("Financing and Your Margin Obligations") for more information.

2 Key features and benefits when trading in CFDs

2.1 What is a CFD?

A CFD is an agreement which allows you to make a profit or loss from fluctuations in the price of a CFD. The price of a CFD is based on the price of an Underlying Reference Instrument, for example, a share on an exchange. However, you do not own that Underlying Reference Instrument or trade it on an exchange by trading a CFD.

By entering into a CFD, you are either entitled to be paid an amount of money, or required to pay an amount of money, depending on movements in the price of the CFD.

The amount of any profit or loss made on a Transaction will be determined by:

- (a) the change between the Opening Transaction Price and the Current Transaction Price applicable to you when you close the Transaction;
- (b) the Units or Amount traded;
- (c) any adjustments made in respect of the CFD, for example where a dividend is paid on an underlying share; and
- (d) any Transaction Holding Costs relating to the CFD.

The balance of your Account will also be affected by other amounts you must pay to us in respect of your Account such as market data fees.

Your percentage return (profit or loss) on any CFD will also be affected by the Financing Percentage chosen by you for the Transaction. See section 6.1 ("Financing") for more information.

A CFD is not traded on an exchange. This means it is an over-the-counter (OTC) product, and you are trading with CMC Markets as the counterparty to all transactions you undertake. See sections 10.4 ("Warning about counterparty risk"), 10.5 ("Risks associated with OTC derivatives") and 10.11 ("Scope of CFD Market Regulation") for some information on the risks associated with trading with a counterparty and trading OTC products. In addition, all Transactions must be closed with us.

There are risks associated with trading in CFDs. Some of these risks are set out in section 10 ("Significant risks of trading CFDs"). You should read and make sure you understand these risks before you trade in CFDs.

Some of the benefits of trading in CFDs include:

- (e) The Platform offers you the opportunity to trade and invest in CFDs in global markets all from a single account.
- (f) CFDs are a leveraged investment. This means that you can take a position using a smaller amount of capital than you may need when investing in more traditional products like securities. Please remember though to understand your total exposure to market movements as leverage magnifies both profits and losses.
- (g) Customisable leverage allows you to set your risk exposure as you see fit.
- (h) CFDs offer a simple and effective means to trade in rising markets but also to take advantage of volatile or falling markets.
- (i) CFDs allow fractional ownership letting you buy and sell CFDs by Units or Amount and trade from as little as 1/1000 of a Unit.
- (j) You pay no account opening fees or ongoing fees (other than exchange fees and trading costs).
- (k) CFDs can be traded a variety of ways, including through iPhone and iPad applications.

2.2 Trading with CMC Markets

It is important to note that CMC Markets acts as the counterparty for your CFD trades. You cannot trade with another CFD provider to close any existing position opened with CMC Markets.

We enter into all Transactions with you as principal using Prices quoted by us through the Platform. Our Prices may not be identical to prices for similar financial instruments or their underlying financial instruments quoted on an exchange or other regulated market, therefore we and/or our Associates may profit from these Transactions. You agree that neither we nor our Associates are liable to account to you for such profits.

The Products and Services are primarily provided online, however if you cannot access the Platform directly, then you may be able to contact our Customer Management Team by telephone to request that we access the Platform on your behalf, however please see section 10.9 ("Information technology") for more information. When trading on the Platform you are trading an OTC CFD. CMC Markets will have regard to the price of the Underlying Market, however, when you trade you will be trading on the CMC Markets price and not the Underlying Market price.

2.3 Account opening process

When we receive an Application Form from you, we may use your information to make further enquiries about you. These enquiries include confirmation of your identity and sanctions screening. We may also carry out certain additional checks to combat fraud or if your account becomes dormant, and you will need to co-operate with us and supply any information that we request promptly. We reserve the right to periodically review this information.

Trading in CFDs may not be suitable for all investors because of the significant risks involved, see section 10 ("Significant risks of trading in CFDs"). During the application process CMC Markets will ask questions in order to assess your understanding of and experience with CFDs or related products. Based on your answers we may allow you to open an Account or decline your application and recommend that you first obtain further education or experience, for example, through the use of a demo account. The questions are based on recommendations provided by ASIC contained in Regulatory Guide 227 and do not constitute the provision of personal product financial advice.

We may rely on the information that you provide us in the Application Form as being correct at any time, unless you notify us otherwise in writing (see section 1.2 ("How to contact CMC Markets")).

Applications are accepted by us in our absolute discretion. If we accept your Application Form and open an Account for you, we will confirm this in writing and provide you with details on how to access your Account through the Platform.

2.4 Security and Account authentication

You are responsible for setting your own password in accordance with the instructions that we will provide to you (which together with your email address are known as your "Account Sign In Details").

We may need to change or reset your Account Sign In Details to protect you and us against fraud. We will notify you if we do this. You must notify us immediately if you know or suspect that any person has obtained (or is likely to obtain) your Account Sign In Details and/or has (or is likely to have) access to your Account without our approval.

When you contact us by phone, you will be required to provide information to us in order for us to authenticate you.

It is your responsibility to keep all information that you hold relating to your Account, including your Account Sign In Details and emails and letters that we send to you, confidential at all times. We rely on this information being secure to protect you and us against fraud, as we will normally treat any person who accesses your Account using your Account Sign In Details as being you.

If you have no Transactions on your Account for a continuous period of one year we reserve the right to carry out additional checks on you before we allow you to access your Account or enter into another Transaction.

2.5 Accessing the Platform

We will do our best to make the Platform available when required by you, but we cannot guarantee that it will be available continuously. See section 10.9 ("Information technology") for more information.

You will be able to access relevant information on each Product on which you can enter into Transactions, including its Attributes, through the Product Library on the Platform or available on our website.

You may only enter into or close Transactions via the Platform during the Trading Hours specified in the Product Library for the relevant Product.

Some, but not all, types of Orders may be submitted through the Platform outside of the Trading Hours for the relevant Product.

2.6 Prices

During the Trading Hours for any Product, the Platform will generate Prices subject to sections 7.1 ("Corporate Actions and Adjustments"), 10.9 ("Information technology") and 11.7 ("Circumstances Outside Our Control"). Certain factors, such as the quality of your computer or internet connection may affect the speed at which information is displayed and refreshed. Therefore we cannot guarantee that the Price displayed on your device at any time will always be the actual and up-to-date Price being generated by the Platform at that time.

Each Price is expressed as a Sell Price (represented by the lower figure) and a Buy Price (represented by the higher figure).

The direction of your Transaction (buy or sell) determines which of the Buy Price or Sell Price your Transaction will be entered into or closed at, as follows:

- (a) if you are trading in the expectation that the Price of the relevant Product will go up (known as "going long"), your Transaction should be entered into at the Buy Price. Buy Transactions are valued at the Sell Price and will be closed at the Sell Price; or
- (b) if you are trading in the expectation that the Price of the relevant Product will go down (known as "going short"), your Transaction should be entered into at the Sell Price. Sell Transactions are valued at the Buy Price and will be closed at the Buy Price.

You should note that, due to a variety of factors, the Price at which your Order is executed may not be exactly the Price at which you submitted your Order. Please see section 4.2 ("How the Platform handles the different types of Orders") and section 10.2 ("Gapping") for more information regarding Price slippage.

If you have enabled the Boundary feature in your Account preferences on the Platform, when you place a Market Order or a Stop Entry Order, at the time of placing the Order you will be able to set a price level outside of which your Order will be cancelled should the Price vary from what you see on the screen.

2.7 Orders

An Order will only be deemed to be received by the Platform at the time at which the Platform actually receives it, which may not be immediately after you submit that Order (for example, due to poor internet connectivity) see section 10.9 ("Information technology") for more information.

Placing an Order does not guarantee that a Transaction will be entered into. The Platform may reject your Order to enter into a Transaction without any explanation. In contrast, the Platform will, subject to clauses 10.9 ("Information technology"), 11.7 ("Circumstances Outside Our Control") and 7.1 ("Corporate Actions and Adjustments"), accept your Order to close a Transaction. Each Order will need to be executed by the Platform in order for a Transaction to be entered into or closed (at which time your Order will be accepted by us). The Platform will record any execution of your Orders, and you can access the relevant information on executed Orders in your Account History.

You may modify or cancel an Open Order at any point until that Order has been executed.

If the conditions of an Order are met, but at that time your Account has insufficient funds to meet the Margin Requirement for that Transaction, the Transaction will not be entered into and the Order will be cancelled.

2.8 Transactions

To enter into a Transaction, you must place an Order on the Platform by filling in a ticket that identifies the Product and specifies whether you wish to enter into a buy Transaction or sell Transaction, the type of Order, the Price at which you wish to buy or sell and the Units or the Amount that you wish to be the subject of that Transaction.

Transactions will either be designated by Units or Amount (depending on how they are entered into).

The change between the Opening Transaction Price and the Current Transaction Price applicable to you when you close the Transaction, determines the profit or loss of that Transaction.

Your Account may not have a buy Transaction and a sell Transaction open on the same Product at the same time.

2.9 Closing Transactions

You may fully or partially close any individual Transaction on the Platform during Trading Hours by either:

- using the 'close transaction' function in relation to that Transaction or all your Transactions on a Product (subject to the maximum transaction size for the Product) or
- placing a Market Order in the opposite direction for the same Product as the relevant Transaction. If you have multiple Transactions in the same Product, and you do not specify which Transaction(s) you wish to close, these will be closed by the Platform in the order in which those Transactions were entered into (i.e. on a 'first in, first out' basis).

N.B. Transactions that are designated by Amount cannot be fully closed by placing a Market Order for the same amount. Placing a Market Order to close a Transaction that is designated by Amount may result in only a partial closure. Either the 'close transaction' or 'close position' functions should be used to fully close a Transaction that is designated by Amount.

The Platform will, subject to the limitations set out elsewhere in this PDS, close any Transaction in accordance with any applicable Stop Loss Order, Trailing Stop Loss Order, Take Profit Order or Limit Order. In addition, the Platform may close all your Transactions if the

Close-Out Level is triggered. See section 6.5 (“Account Close-Out”) for more information.

We reserve the right to instruct the Platform to close any Transaction when we take the Reserved Actions at section 11.5(a) or section 11.5(h) or exercise our termination rights under section 11.2.5, in accordance with the Agreement.

2.10 What is your Margin Requirement?

Margin is the security we take from you to cover our exposure as counterparty to your CFD trading activities.

When you enter into a Transaction with CMC Markets you need to have sufficient Cash to satisfy the Margin Requirement for the Transaction. The Margin Requirement will be a percentage of the Opening Transaction Value determined by the Financing Percentage selected by you for the Transaction which can be anywhere from 0% up to the Maximum Financing Percentage for the Product. Please see section 6.1 (“Financing”) for more information on selecting a Financing Percentage.

The Minimum Margin Requirement you need to pay for the Products you trade in is calculated by using the Maximum Financing Percentage for the particular Product. The Maximum Financing Percentage is determined by CMC Markets. You will find a full list of Maximum Financing Percentages for all available Products in the Product Library on the Platform or available on our website. Maximum Financing Percentages and therefore Minimum Margin Requirements may change at any time, and this can impact on the requirements to maintain your existing CFD open positions.

CMC Markets reserves the right to vary the Minimum Margin Requirement (by varying the Maximum Financing Percentage) at any time on any Transaction on your Account at its discretion. For example, CMC Markets may vary the Maximum Financing Percentage in periods of market volatility or to comply with CMC Markets’ internal risk management policies (see section 14.12 in relation to notices). Accordingly, you should be prepared at any time to have funds equal to the notional value of your CFD position available to meet any increase in Minimum Margin Requirement by CMC Markets.

Where the Maximum Financing Rate has been lowered and an open Order exists on your Account that has a Financing Percentage higher than the new Maximum Financing Rate, the Order will be cancelled. The Order will show as a closed Order on the Platform.

You should note that Margin is not part payment for an Underlying Reference Instrument. There is no capacity for a CFD to be converted into the Underlying Reference Instrument. For example, you cannot pay the difference between your Margin Requirement and your total exposure on a Company CFD position and take ownership of the underlying shares.

Through the Platform, you will be able to access your Account which contains sufficient information to enable you to calculate the amount of your Total Minimum Margin Requirement.

Please see section 6 (“Financing and Your Margin obligations”) for more information related to Margin.

2.11 Information about your trading activity

When you access your Account through the Platform you can obtain:

- (a) information regarding any Orders received by our Platform, including Open Orders;
- (b) information regarding each Transaction entered into or closed on your Account;

(c) the Account Value of your Account in real time, broken down into your current Total Margin Requirement, Cash and Net Unrealised Profit Or Loss; and

(d) the Close-Out Level of your Account (if relevant) from time to time, and it is your responsibility to access and review this information to ensure that it corresponds with your own records. Subject to section 2.18 (“Errors”), the above information will be conclusive unless we notify you or you notify us in writing of any mistake, error or inaccuracy.

The Platform will update the information set out above in real time, however, from time to time this may not happen immediately, or you may not receive or be able to see this update immediately, due to Circumstances Outside Our Control (such as poor connectivity or systems errors). If, for example, you are unsure as to whether or not we have received an Order that you have attempted to place, or whether or not a particular Transaction has been entered into or closed, or whether or not your Account Value is sufficiently high to avoid Account Close-Out, then you should check the Platform carefully, contact us through the live help function (where available) of the Platform or contact our Customer Management Team to seek further information.

2.12 Confirmations

When you execute a Transaction with us electronically, a confirmation of the executed trade will appear on our Platform. It is only at this point, and subject to other terms in this PDS, that a binding contract between you and us in respect of that Transaction arises. If you execute a CFD with us over the phone, the Transaction will constitute a binding Transaction once you have agreed to the Order being placed rather than at the time the Confirmation appears in our Platform. The Confirmation includes certain information about the CFD, including the relevant CFD Product, the Units or Amount, and the Price.

We will not send you any Confirmations. Instead, we will retain in your Account any information that we are required to provide you with in relation to an Order or Transaction to the extent and for the duration required by Applicable Law, and you may access this information through the Platform even if your Account has been closed or the Agreement has been terminated. After this period, we may destroy this information or retain it for such further duration as we see fit in our absolute discretion and without notice to you.

Please note that Confirmations may not be generated for amendments to an existing Transaction, however any amendment will show up in your Account History on the Platform.

2.13 Checking of Confirmations

You should check all the contents of Confirmations provided to you on the Platform in detail and contact us as soon as possible if you disagree with any of their contents.

Subject to section 2.18 (“Errors”), Confirmations will be conclusive unless you notify us in writing to the contrary within three Business Days. The three Business Days begin from the time the Confirmation is provided on the Platform.

2.14 What is your Cash?

Your Cash is a representation of the amount of funds you have available to enter into Transactions on the Platform. Cash is calculated as follows:

$$\text{Cash} = \text{A} - \text{B}$$

Where:

A = the sum of any successful payments made by you to us, plus any Realised Profits, plus the Amount of any other money credited by us to your Account; and

B = the sum of the Total Margin Requirement, plus any Realised Losses, plus the Amount of any Deductions, plus the Amount of any money withdrawn by you.

Please note that your Cash does not represent the funds that are available for you to withdraw. This Amount (subject to section 8.3 ("Payments and Withdrawals")) is calculated by subtracting any Net Unrealised Losses in respect of any Transactions on your Account from the Cash value.

2.15 What is your Account Value?

Your Account Value will be updated by the Platform in real time and is calculated as follows:

$$\text{Account Value} = \text{Cash} + \text{Total Margin Requirement} + \text{Net Unrealised Profit or Loss}$$

2.16 Account Close-Out

You are required to keep sufficient funds in your Account to maintain your Account Value above the Close-Out Level. The Close-Out Level of your Account is 20% of the Total Minimum Margin Requirement for all Leveraged Transactions on your Account.

If your Account Value falls below 50% of the Total Minimum Margin Requirement for your Account the Platform will attempt to notify you of that fact and of the Close-Out Level (expressed on the Platform as an Amount). Such notification is provided as a courtesy and you must not rely on the Platform or on us to notify you of such circumstances.

If your Account Value falls below the Close-Out Level at any point in time, the Platform will attempt, subject to section 6.5.2 ("Reliance on Platform for Close-Out") to automatically close all Transactions on your Account.

Please see section 6.5 ("Account Close-Out") for more information.

2.17 Unrealised Profit Or Loss

If the Transaction is designated by Units, the Current Transaction Value is calculated as follows:

$$\text{Current Transaction Value} = \text{CTP} \times \text{Units}$$

If the Transaction is designated by Amount, the Current Transaction Value is calculated as follows:

$$\text{Current Transaction Value} = \text{OTV} \times (\text{CTP}/\text{OTP})$$

Where: CTP = Current Transaction Price
OTV = Opening Transaction Value
OTP = Opening Transaction Price

The Unrealised Profit Or Loss for any individual Transaction is calculated in real time as follows:

On a buy Transaction:

$$\text{Unrealised Profit or Loss} = \text{CCR} \times (\text{CTV} - \text{OTV})$$

On a sell Transaction:

$$\text{Unrealised Profit or Loss} = \text{CCR} \times (\text{OTV} - \text{CTV})$$

Where: CCR = CMC Currency Conversion Rate
CTV = Current Transaction Value
OTV = Opening Transaction Value

When a Transaction is closed, any Unrealised Profit Or Loss becomes Realised Profit or Realised Loss and a corresponding change is made to your Cash.

Provided that your Account Value remains positive and above the Close-Out Level, you will not be required to make any payment to us in respect of any Transaction that has been closed resulting in a Realised Loss.

2.18 Errors

From time to time, material errors, mistakes and omissions that are or should be reasonably obvious to you in your capacity as our customer will occur in respect of Transactions, your Account or the Platform (each an "Error"). Examples of Errors include: the Platform displaying incorrect Prices (whether caused by a third party supplier or due to a problem with our systems), an Order being handled incorrectly (including execution at an incorrect Price or contrary to underlying market conditions) and incorrect Deductions or credits being applied to your Account. If you or we know or suspect that an Error has occurred:

- (a) as applicable, you must notify us as soon as reasonably practicable or we will notify you (which may be by displaying a message on the Platform) as soon as reasonably practicable upon discovery of the error; and
- (b) we will then do our best to investigate whether there has, in fact, been an Error and/or what caused it, and we will notify you (which may be by displaying a message on the Platform) of the outcome of our investigation and any measures that we will take in accordance with the Agreement.

The occurrence of an Error is a Specified Event that entitles us to take a Reserved Action. See sections 11.4 ("Specified Events") and 11.5 ("Reserved Actions") for more information.

2.19 Order Execution

Our Order Execution Policy governs how we execute Transactions. Please see section 4 ("Order Execution Policy") for more information.

2.20 Examples

The following examples show how you could make a profit or loss by entering into Transactions

2.20.1 Example 1 – Going long and making a profit

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
1 - Opening your Account	You open an Account and deposit \$10,000		\$10,000	\$0	\$0	\$10,000
2 - Open a Transaction	The price of Australia 200 is 4482.3/4483.3					
	You decide to place a Market Order to buy 50 Australia 200 at the Buy Price 4483.3 using the Maximum Financing Percentage of 99%. The order is executed at 4483.3					
	The Opening Transaction Value is \$224,165	$4,483.3 \times 50$				
	The Margin Requirement for this Transaction is \$2,241.65. This amount is deducted from your Cash	$224,165 \times (1 - 99\%)$	\$7,758.35	\$2,241.65	-\$50	\$9,950
	The Transaction is automatically valued against the Sell Price giving a Current Transaction Value of \$224,115	$4,482.3 \times 50$				
	This results in an Unrealised Loss of \$50	$1 \times (224,115 - 224,165)$				
3 - Transaction Holding Costs	You decide to keep your Transaction open until after the end of the Calendar Day. As it is an Index CFD, Transaction Borrowing Costs will apply.					
	Today's borrowing Rate for this Transaction is 6.75%, this rate is charged on the Unfunded Portion of the Transaction and your Cash is debited with \$41.04	$((224,165 - 2,241.65) \times 6.75\%) / 365$	\$7,717.31	\$2,241.65	-\$50	\$9,908.96
4 - The next day	The price of Australia 200 rises to 4507.3/4508.3, making the Current Transaction Value \$225,365	$4,507.3 \times 50$				
	This results in an Unrealised Profit of \$1,200	$1 \times (225,365 - 224,165)$	\$7,717.31	\$2,241.65	\$1,200	\$11,158.96
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
5 - Closing a Transaction	The price of Australia 200 is 4507.3/4508.3					
	You decide to place a Market Order to sell 50 Australia 200 at the Sell Price 4507.3. The Order is executed at 4507.3, making the Current Transaction Value \$225,365	$4,507.3 \times 50$				
	This results in a Realised Profit of \$1,200, this is credited to your Cash	$1 \times (225,365 - 224,165)$	\$11,158.96	\$0	\$0	\$11,158.96
	The \$2,241.65 Margin Requirement is returned to your Cash, leaving you with no Margin Requirements					
In this example, after Spread and Transaction Holding Costs you would have made a profit of \$1,158.96						

2.20.2 Example 2 – Going long and making a loss

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
Steps 1 – 3 as in Example 1						
4 – The next day	The price of Australia 200 falls to 4459.3/4460.3, making the Current Transaction Value \$222,965	4,459.3 x 50				
	This results in an Unrealised Loss of \$1,200	1 x (222,965 – 224,165)	\$7,717.31	\$2,241.65	-\$1,200	\$8,758.96
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
5 – Closing a Transaction	The price of Australia 200 is 4459.3/4460.3					
	You decide to place a Market Order to sell 50 Australia 200 at the Sell Price 4459.3. The Order is executed at 4459.3, making the Current Transaction Value \$222,965	4,459.3 x 50	\$8,758.96	\$0	\$0	\$8,758.96
	This results in a Realised Loss of \$1,200, this is debited from your Cash	1 x (222,965 – 224,165)				
	The \$2,241.65 Margin Requirement is returned to your Cash, leaving you with no Margin Requirements					
In this example, after Spread and Transaction Holding Costs you would have made a loss of \$1,241.04.						

2.20.3 Example 3 – Going short and making a profit

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
1 - Opening your Account	You open an Account and deposit \$10,000		\$10,000	\$0	\$0	\$10,000
2 - Open a Transaction	The price of Australia 200 is 4482.3/4483.3					
	You decide to place a Market Order to sell 50 Australia 200 at the Sell Price 4482.3 using the Maximum Financing Percentage of 99% The Order is executed at 4482.3					
	The Opening Transaction Value is \$224,115	$4,482.3 \times 50$				
	The Margin Requirement for this Transaction is \$2,241.15 This amount is deducted from your Cash	$224,115 \times (1 - 99\%)$	\$7,758.85	\$2,241.15	-\$50	\$9,950
	The Transaction is automatically valued against the Buy price giving a Current Transaction Value of \$224,165	$4,483.3 \times 50$				
	This results in an Unrealised Loss of \$50	$1 \times (224,115 - 224,165)$				
3 - Transaction Holding Costs	You decide to keep your Transaction open until after the end of the Calendar Day. As it is an Index CFD, Transaction Borrowing Costs will apply.					
	Today's Borrowing Rate for this Transaction is 6.75%, this rate is charged on the Unfunded Portion of the Transaction and your Cash is debited with \$41.03	$((224,115 - 224,115) \times 6.75\%) / 365$	\$7,717.82	\$2,241.15	-\$50	\$9,908.97
4 - The next day	The price of Australia 200 falls to 4459.3/4460.3, making the Current Transaction Value \$223,015	$4,460.3 \times 50$				
	This results in an Unrealised Profit of \$1,100	$1 \times (224,115 - 223,015)$	\$7,717.82	\$2,241.15	\$1,100	\$11,058.97
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
5 - Closing a Transaction	The price of Australia 200 is 4459.3/4460.3					
	You decide to place a Market Order to buy 50 Australia 200 at the Buy Price 4460.3 The Order is executed at 4460.3, making the Current Transaction Value \$223,015	$4,460.3 \times 50$	\$11,058.97	\$0	\$0	\$11,058.97
	This results in a Realised Profit of \$1,100, this is credited to your Cash	$1 \times (224,115 - 223,015)$				
	The \$2,241.15 Margin Requirement is returned to your Cash, leaving you with no Margin Requirements					
In this example, after Spread and Transaction Holding Costs you would have made a profit of \$1,058.97						

2.20.4 Example 4 – Going short and making a loss

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
Steps 1 – 3 as in Example 3						
4 – The next day	The price of Australia 200 rises to 4507.3/4508.3, making the Current Transaction Value \$225,415	4,508.3 x 50				
	This results in an Unrealised Loss of \$1,300	1 x (224,115 – 225,415)	\$7,717.82	\$2,241.15	-\$1,300	\$8,658.97
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
5 – Closing a Transaction	The price of Australia 200 is 4507.3/4508.3					
	You decide to place a Market Order to buy 50 Australia 200 at the Buy Price 4508.3. The Order is executed at 4508.3, making the Current Transaction Value \$225,415	4,508.3 x 50	\$8,658.97	\$0	\$0	\$8,658.97
	This results in a Realised Loss of \$1,300, this is debited from your Cash	1 x (224,115 – 224,415)				
	The \$2,241.15 Margin Requirement is returned to your Cash, leaving you with no Margin Requirements					
In this example, after Spread and Transaction Holding Costs you would have made a loss of \$1,341.03						

3 Types of CFDs and Order types

This section examines the major types of CFDs and some of the key features that characterise these Products. This section also details the different types of Orders you can use to undertake your different trading strategies.

The examples and amounts contained in this PDS are provided for illustrative purposes only. The figures do not reflect your personal circumstances and do not restrict the way in which we may exercise our powers or discretions. They are also not intended to give any representation about the performance of particular Underlying Markets, Underlying Reference Instruments, Underlying Instrument Entities or CFDs.

3.1 Types of CFDs

We offer CFDs to you based on the following Underlying Reference Instruments:

3.1.1 Companies

Major companies from around the world covering a wide range of products and services including banking, manufacturing, transportation, research and technology.

Market data fees are payable if you activate certain markets, see section 5.3 (“Market data fees”) for more information.

3.1.2 Indices

Indices reflect the performance of a group of companies within a particular market. Index trading allows you to obtain long or short exposure to these individual markets as easily as trading on a single company.

3.1.3 Currencies

Currency trading is the simultaneous act of buying one currency and selling another. This market is highly impacted by government policy. It's unique because it offers high trading volumes, high liquidity, and extended Trading Hours.

3.1.4 Commodities

Commodities represent many of our vital resources in terms of food and industry. These include, but are not limited to, crude oil, gold, silver, copper, wheat, sugar and coffee. Commodity prices are influenced by a range of factors specific to each commodity class including such factors as supply and demand conditions, weather and political factors.

3.1.5 Treasuries

The treasuries market includes government debt obligations. The economic status of a specific region can impact the value of a treasury.

3.2 Orders you can place with CMC Markets

Different types of orders are available on the Platform. You will be able to find out information about orders that apply on the Platform when you log in. The types of orders available in respect of a particular Product are set out in the Product Library. The following are examples of order types that may be available to you:

3.2.1 Market Order

An instruction to buy or sell a Product at the **first available** Buy Price or Sell Price. Market Orders can be used to open or close a Transaction. Please note that Transactions that are designated by

Amount cannot be fully closed out by placing a Market Order, see section 2.9 (“Closing Transactions”) from more information.

3.2.2 Limit Order

An instruction to buy or sell a Product at a Target Price that is more favourable than the Current Transaction Price.

3.2.3 Stop Entry Order

An instruction to buy or sell a Product at a Target Price that is less favourable than the Current Transaction Price.

3.2.4 Stop Loss Order

An instruction to buy or sell a Product at a Target Price. Stop Loss Orders are linked to a Transaction and can only be used to close a Transaction, not open a new one.

3.2.5 Trailing Stop Loss Order

An instruction to buy or sell a Product at a Target Price. The Target Price is automatically adjusted by the Platform to trail the Current Transaction Price in the direction of your Transaction at a distance set by you. Trailing Stop Loss Orders are linked to a Transaction and can only be used to close a Transaction, not open a new one.

3.2.6 Take Profit Order

An instruction to buy or sell a Product at a Target Price. A Take Profit Order is linked to a Transaction and can only be used to close a Transaction, not open a new one.

More detailed information about each of these types of Orders and how the Platform executes the Orders is set out in section 4 (“Order Execution Policy”). If you have any questions, please contact the Customer Management Team.

3.3 Transaction Based Stop Loss

If you have the Transaction Based Stop Loss function enabled, you must set either a Stop Loss Order or Trailing Stop Loss Order for each Transaction. The Transaction Based Stop Loss function will automatically suggest a Stop Loss Order that is equal to the Margin, less a small buffer, for each Market Order and Limit Order, which is based on the Financing Percentage selected by you. If you modify either the Target Price of a Limit Order, the Target Price of the Stop Loss Order or Trailing Stop Loss Order, or the Financing Percentage applicable to the Order whilst you are placing it, there will be a corresponding change to the other parameters.

Subsequent to the Transaction being entered into, you are able to modify the Target Price of your Stop Loss Order or Trailing Stop Loss Order. However you will not be able to remove the Order completely.

If you have disabled the Transaction Based Stop Loss function, the Platform will not suggest a Stop Loss Order for your Transaction whilst you fill in the Order ticket. You may still decide to set either a Stop Loss Order or Trailing Stop Loss Order, however please note that if you do so, the Margin will not be automatically adjusted in line with the Stop Loss Order or Trailing Stop Loss Order (and the Stop Loss Order or Trailing Stop Loss Order will not automatically be set to limit your potential loss to the Margin). In these circumstances, your Margin will be based solely on the Financing Percentage that you select.

The Transaction Based Stop Loss function is enabled by default on your Account. You can disable it by changing your preferences in the Platform.

4 Order Execution Policy

In this section we summarise the process by which the Platform executes your Orders. When you trade, or instruct us to trade on your

behalf through the Platform you consent to your Orders being executed in the manner described below.

4.1 Key points

Your Orders are executed exclusively via a bilateral Transaction with us through the Platform, and not through a transaction on any exchange, multilateral trading system or other external execution venue.

When you place an Order to enter into or close a Transaction, you are giving the Platform an instruction to place an Order on your Account on the basis of the Prices generated by the Platform.

The Prices of the Products are generated electronically by the Platform. As such, the Prices at which you open and close Transactions may be different to any current exchange or market price, or another financial provider’s price, for the relevant underlying asset or index and are exclusive to the Platform. You should not expect our Prices to exactly match prices you may see elsewhere.

4.2 How the Platform handles the different types of Orders

This section outlines the basis upon which the Platform will execute different types of Orders, subject to section 10.9 (“Information technology”).

Market Order – During the Trading Hours for a Product, the Platform will execute a Market Order to sell at the **first available Sell Price**, and a Market Order to buy at the **first available Buy Price** as soon as possible after the Order is accepted. The Price at which the Order will be executed **may be less favourable** to you than the Price you see on the Platform when you place the Order (for instance, due to market movements between the time you submit your Order and the time the Platform executes your Order).

The Platform will automatically cancel (and not execute) a Market Order if the first available Sell Price or Buy Price (as relevant) is outside of any Boundary (if applicable) that you have set.

Limit Order – A Limit Order to **buy** at a Target Price will be executed at the first available Buy Price which is **equal to or lower** than the Target Price. A Limit Order to **sell** at a Target Price will be executed at the first available Sell Price which is **equal to or higher** than the Target Price.

A Stop Entry Order to buy at a Target Price will be executed at the first available Buy Price which is **equal to or higher** than the Target Price. A **Stop Entry Order to sell** at a Target Price will be executed at the first available Sell Price which is **equal to or lower** than the Target Price.

A **Limit Order** or **Stop Entry Order** will remain available for execution until the date you have selected the order to be valid to, or it is cancelled by you or CMC Markets. Please see section 11 (“CMC Markets discretions”) for further information on why we may cancel your Order.

The Platform will automatically cancel (and not execute) a Stop Entry Order if the first available Sell Price or Buy Price (as relevant) that otherwise meets the criteria above is outside of any Boundary (if applicable) that you have set.

Stop Loss Order – The Platform will execute a Stop Loss Order to sell at the **first available Sell Price**, and a Stop Loss Order to buy at the **first available Buy Price** as soon as possible after the Target Price is reached or crossed following acceptance of your Order. The Price at which the Order will be executed **may be less favourable** to you than the Target Price.

Trailing Stop Loss Order – The Platform will execute a Trailing Stop

Loss Order to sell at the **first available Sell Price**, and a Trailing Stop Loss Order to buy at the **first available Buy Price** as soon as possible after the Target Price is reached or crossed following acceptance of your Order.

The Target Price of a Trailing Stop Loss Order is adjusted in the direction of your Transaction by the Platform and is calculated as the most favourable Price in respect of that Transaction since that Order was last modified plus/minus (as relevant) the Stop Distance, as set by you. The Price at which the Order will be executed **may be less favourable** to you than the Target Price.

Take Profit Order – The Platform will execute a Take Profit Order to **sell** at the first available Sell Price which is **equal to or higher** than the Target Price, and a Take Profit Order to **buy** at the first available Buy Price **equal to or lower** than the Target Price as soon as possible after the Target Price is reached or crossed following acceptance of your Order. The Price at which the Order will be executed **will be no less favourable** to you than the Target Price.

4.3 Prices generated by the Platform

As mentioned above, the Prices of the Products are generated electronically by the Platform. Whilst these Prices will take into account market data from various sources, you should note that they are not taken directly from any source, and therefore may not match prices that you see elsewhere (including prices quoted on stock exchanges).

The Price which you see through your device when you place an Order and on the basis of which you wish to place an Order may not be identical to the Price at which the Transaction is executed. We generally attempt to generate Prices on a continuous basis and to have the currently applicable Prices be seen on the Platform as quickly as possible. However, technical conditions (e.g., the transfer rate of data networks) may lead to a change in the applicable Price during the period between the time the Order is placed by you and the time the Order is received by us or the Order is executed by the Platform. Such changes are based exclusively on the continuous automatic calculation of the applicable Price by the Platform which is based on market data of exchanges, markets and other trading investment platforms. This means such changes are indirectly based on fluctuations in the financial markets rather than on arbitrary interventions made by us. If such changes occur, the Order is generally executed at the Price applicable when the Order is executed by the Platform. Such movements in the Prices may either be to your disadvantage or have a favourable impact.

In addition, there will be times when circumstances may prevent the Platform from generating Prices or affect the Prices being generated. Please refer to sections 10.9 (“Information technology”) and 11.7 (“Circumstances Outside Our Control”) for more information.

You can use a Boundary where you need to ensure that the Buy price or Sell Price at which a Market Order or Stop Entry Order is executed is not worse than a price specified by you when setting the Boundary. Alternatively, you may place a Limit Order.

4.4 CMC Currency Conversion Rates generated by the Platform

When you enter into Transactions with us, all calculations will be undertaken in the currency in which the relevant Product is denominated, the Product Currency, before being converted into your Account Currency at the CMC Currency Conversion Rate and applied to your Account.

As with Prices, the CMC Currency Conversion Rate for any particular currency pair is generated electronically by the Platform. Whilst these rates will take into account market data from various sources, you should note that they are not taken directly from any source, and

therefore may not match currency conversion rates that you see elsewhere.

Where relevant, we will provide you with the CMC Currency Conversion Rate used to convert amounts in a Product Currency into your Account Currency.

4.5 Speed and likelihood of execution

Generally, the Platform will execute Orders on a ‘first come, first served’ basis and, apart from limited exceptions, will only execute Orders during Trading Hours.

The Platform will accept or reject Orders in accordance with the respective Attributes and our PDS, and will execute an accepted Order as described above and in accordance with our PDS, unless a circumstance exists which may prevent or otherwise affect the execution of an Order, for instance, where market restrictions apply, where you do not have sufficient funds in your Account or any circumstance under section 10.9 (“Information technology”) and 11.7 (“Circumstances Outside Our Control”) as well as section 7.1 (“Corporate Actions and Adjustments”).

4.6 Factors not taken into account when executing Orders

Except as described above, the Platform does not differentiate between the different types of Orders and, subject to Maximum Transaction Sizes, does not take into account the size of your Order at the point of execution.

4.7 How your Transactions are closed without instructions from you

There are some circumstances where your Transactions will be closed without instructions from you. This includes, but is not limited to, circumstances where you have failed to ensure that your Account Value exceeds the Close-Out Level and where we exercise our rights to close your Transactions when you have breached the Agreement. Please refer to sections 6.5 (“Account Close-Out”) and 11.5 (“Reserved Actions”) for more information.

Where your Transactions are to be closed without instructions from you, the Platform will use a Market Order and will treat such Orders in the same way as it treats Market Orders placed by you.

4.8 Instructions

Since there is no external market for CFDs, your Orders can only be executed on the Platform. Any instruction to execute your Order on a different execution venue will lead to rejection of your Order.

5 Fees and costs when trading in CFDs

This section is about the different fees and costs that may be applicable when trading CFDs. These can include costs incurred at the time of trading and other costs in respect of each Transaction that remains open at the end of each Calendar Day. All of these areas will impact upon the cost of doing business with you, which is a key consideration and therefore needs to be taken into account by you.

You must pay each fee and cost applicable to your Account and any Transaction at the time, in the amounts and in the manner specified in the Agreement.

The following is a summary of the fees and costs that may be payable when trading in CFDs. A further explanation of each fee and cost type can be found below.

5.1 - Spread Costs;

5.2 - Transaction Holding Costs;

5.3- Market data fees

5.4 - Administration charges.

CMC Markets may vary the fees and costs outlined in this PDS, our FSG, the CMC Markets Rates Schedule and the Product Library from time to time by posting a notice and/or supplementary or new PDS, FSG or CMC Markets Rates Schedule on CMC Markets' website or on the Platform and/or by updating the Product Library. We will notify you when we vary fees and costs.

5.1 Spread Costs

When trading in CFDs with CMC Markets you will notice that each CFD that you request a Price in has a lower price and a higher price at which you can place your Order. These two Prices are termed the Sell Price (represented by the lower figure) and the Buy Price (represented by the higher figure).

There are no distinct commissions associated with CFDs. All such costs are built into the Price quoted on screen and have the effect of slightly widening the spread between the Buy Price and the Sell Price.

As CMC Markets is a market maker, these Prices represent where CMC Markets will buy CFDs at (Sell Price) and sell CFDs at (Buy Price) and these Prices may not be the same as prices quoted in the relevant Underlying Market.

At any time, the Sell Price and the Buy Price represent the best current Price to sell CFDs and the best current Price to buy CFDs at that time in a transaction with CMC Markets. When your Order is executed at one of these Prices, in order for you to break even or realise a profit or loss, the Price you exit your trade at needs to be at least equal to the original Sell Price or Buy Price that you entered in at; if you trade at the Buy Price, the Current Transaction Price needs to reach the Sell Price and vice versa. This can be seen as a cost of trading and should be factored into your trading decisions.

5.2 Transaction Holding Costs

5.2.1 Applying Transaction Holding Costs

In respect of each Transaction that remains open at the end of each Calendar Day (i.e. 5pm New York time, with the local time equivalent varying depending on daylight savings), a Transaction Holding Cost will be calculated and applied. This cost applies regardless of whether you are long or short on a Transaction. The Transaction Holding Cost comprises two components:

- (a) Transaction Borrowing Cost; and
- (b) Transaction Carrying Cost.

5.2.2 Transaction Borrowing Cost

Transaction Borrowing Costs are only applicable to Transactions on certain CFDs; please see the Product Library for further details.

When you enter into a Transaction in a CFD for which Transaction Borrowing Costs apply and for which the Financing Percentage is greater than 0%, the Margin in respect of that Transaction only makes up part of the Opening Transaction Value (the "Funded Portion"), with the remainder of the Opening Transaction Value (the "Unfunded Portion") being provided by us.

The Transaction Borrowing Cost is calculated with respect to the Unfunded Portion of a Transaction for which the Financing Percentage is greater than 0%, using the following formula:

$$\text{TBC} = \frac{(\text{OTV} - \text{Margin}) \times \text{Borrowing Rate}}{365}$$

Where: TBC=Transaction Borrowing Cost
OTV = Opening Transaction Value

5.2.3 Transaction Carrying Cost

Transaction Carrying Costs are only applicable to Transactions on certain CFDs; please see the Product Library for further details.

When you have entered into Transactions in Commodity CFDs or Currency CFDs there is a Transaction Carrying Cost. For example, with Commodity CFDs this cost is associated with physically holding and storing the underlying assets until they are delivered. For Currency CFDs this cost is associated with the interest rate differential between the currency pair. Although CFDs do not entitle you to physical delivery, holding costs are factored into your Transaction Carrying Cost since we will incur (directly or indirectly) or charge such cost when Hedging our exposure to you. Transaction Carrying Costs can be positive or negative.

The Transaction Carrying Cost is calculated with reference to the Opening Transaction Value (both the Funded Portion and the Unfunded Portion) and is calculated using the following formula:

$$\text{TCC} = \frac{\text{OTV} \times \text{CR}}{365}$$

Where: TCC=Transaction Carrying Cost

OTV = Opening Transaction Value

CR = Carrying Rate Buy or Carrying Rate Sell (as applicable)

5.2.4 Transaction Holding Cost

Once the Transaction Borrowing Cost and Transaction Carrying Cost have been determined (as applicable), the Platform will calculate the Transaction Holding Cost using the following formula:

$$\text{Transaction Holding Cost} = \text{CCR} \times (\text{TBC} + \text{TCC})$$

Where: CCR = CMC Currency Conversion Rate

The net Transaction Holding Cost payable by you to us, or by us to you, for any Calendar Day is the sum of all Transaction Holding Costs for that Calendar Day.

5.3 Market data fees

If you activate certain Products on the Platform, you may be required to pay a market data fee. The market data fee covers fees CMC Markets must pay to its price vendors for use of market data in deriving its pricing for certain Products.

Please note that CMC Markets provides market data for non-professional use only, see 14.1 ("Your declarations and assurances"). Please contact the Customer Management Team to discuss your options if you are a professional investor.

Please refer to CMC Markets Rates Schedule for details about applicable market data fees.

5.4 Administration charges

Please refer to our FSG for information on Administration charges.

5.5 Summary table

The following table summarises the typical costs and fees for each type of Product as at the date of this PDS. The actual costs and fees which apply to Products and your Account are available in the CMC Markets Rates Schedule, the FSG and/or the Product Library.

The actual Margin Requirements which apply to Products on your Account are available in the Product Library. The Product Library is updated from time to time and is available on the Platform, via our website or from the Customer Management Team.

Product	Spread Cost	Transaction Borrowing Cost	Typical Maximum Financing	Transaction Carrying Cost	Market data fees
Companies	✓	✓	95%	✗	✓ (Optional)
Indices	✓	✓	99.75%	✗	✗
Commodities	✓	✓	97%	✓	✗
Currencies	✓	✗	99.75%	✓	✗
Treasuries	✓	✓	99.75%	✓	✗

Please refer to the following examples for an illustration of how Transaction Holdings Costs apply to trading in CFDs. Please note that these examples are provided for illustrative purposes only.

For simplicity, the Borrowing Rate is assumed to be 5% and the Carrying Rate 3%. The costs shown are for one Calendar Day.

Product	Total Transaction Value	Selected Financing Percentage	Transaction Value Financed	Transaction Borrowing Cost	Transaction Carrying Cost	Transaction Holding Cost
Companies	10,000	50%	5,000	$(5,000 \times 5\%) / 365 = 0.68$	n/a	0.68
Indices	10,000	75%	7,500	$(7,500 \times 5\%) / 365 = 1.03$	n/a	1.03
Commodities	10,000	90%	9,000	$(9,000 \times 5\%) / 365 = 1.23$	$(10,000 \times 3\%) / 365 = 0.82$	2.05
Currencies	10,000	95%	9,500	n/a	$(10,000 \times 3\%) / 365 = 0.82$	0.82
Treasuries	10,000	99%	9,900	$(9,900 \times 5\%) / 365 = 1.36$	$(10,000 \times 3\%) / 365 = 0.82$	2.18

The CMC Currency Conversion Rate in the above formulas is 1, as the Product Currency is priced in the same currency as the Account Currency. If the Product is not priced in your Account Currency, the current CMC Conversion Rate would be applied to the Transaction Holding Cost.

6 Financing and Your Margin obligations

6.1 Financing

Each Transaction you enter into will have its own Financing Percentage. This is the percentage of the Opening Transaction Value which is financed by us. You may select the Financing Percentage for each Transaction, which can be anything from 0% up to the relevant Maximum Financing Percentage available. The unfinanced portion of the Transaction is called your Margin and you are required to have this amount deposited in your Account for each Transaction that you enter into. This is known as the Margin Requirement for the Transaction.

The Maximum Financing Percentage for each instrument is set out in the Product Library.

Below are two examples showing how the Financing Percentage you choose can affect your trading.

Example 1 – Default financing

You decide to buy 1 Australia 200 CFD at a price of 4500.00 using the Maximum Financing Percentage of 99%, meaning you only have to put forward 1% of the Opening Transaction Value as Margin.

$$\text{Opening Transaction Value} = \text{Opening Transaction Price} \times \text{Units} \\ = 4500 \times 1 = \$4,500$$

$$\text{Margin Requirement} = \text{Opening Transaction Value} \times (1 - \text{Financing Percentage}) \\ = \$4,500 \times 1\% = \$45$$

Therefore, for a \$45 deposit, you will control a \$4,500 position. Your profit or loss will be relative to the total Transaction size and is not limited to the \$45 Margin Requirement. You have effectively borrowed \$4,455 to transact this trade, therefore you will incur a Transaction Borrowing Cost on this amount if you hold the position at the end of the Calendar Day.

Example 2 – Customisable financing

You decide to buy 1 Australia 200 CFD at 4500.00, but this time you elect to only use a Financing Percentage 80% instead of the Maximum Financing Percentage of 99%. This means that you will put forward 20% of the Opening Transaction Value as Margin.

$$\text{Opening Transaction Value} = \text{Opening Transaction Price} \times \text{Units} \\ = 4500 \times 1 = \$4,500$$

$$\text{Margin Requirement} = \text{Opening Transaction Value} \times (1 - \text{Financing Percentage}) \\ = \$4,500 \times 20\% = \$900$$

Therefore, for a \$900 deposit you will still control a \$4,500 position. Your profit or loss will be relative to the total Transaction size and is not limited to the \$900 Margin Requirement. You have now effectively only borrowed \$3,600 to transact this trade, therefore you will incur a Transaction Borrowing Cost on this amount if you hold the position at the end of the Calendar Day.

6.2 Your Margin Requirement

When you enter into a Transaction with CMC Markets you need to have sufficient Cash to satisfy the Margin Requirement. The Margin Requirement for a Transaction is calculated at the time the Transaction is entered into as follows:

$$\text{Margin Requirement} = \text{OTV} \times (1 - \text{FP}) \times \text{CCR}$$

Where: OTV = Opening Transaction Value

FP = Financing Percentage

CCR = CMC Currency Conversion Rate applicable to your Account

If the Transaction is designated by Units, the Opening Transaction Value is calculated as follows:

$$\text{Opening Transaction Value} = \text{Opening Transaction Price} \times \text{Units}$$

If the Transaction is designated by Amount, the Opening Transaction Value is calculated as follows, at the time the Transaction is entered into:

$$\text{Opening Transaction Value} = \text{Amount} \times \text{CCR}$$

Where: CCR = CMC Currency Conversion Rate applicable to the Product

6.3 Total Margin Requirement

Your Account's Total Margin Requirement will be the sum of the Margin Requirements for all open Transactions on your Account. Your Total Margin Requirement does not represent your entire potential liability to us, and any Transaction may result in a loss that exceeds the relevant Margin (whether or not you have enabled the Transaction Based Stop Loss function).

6.4 Total Minimum Margin Requirement

Your Account's Total Minimum Margin Requirement will be the sum of the Minimum Margin Requirements for all Leveraged Transactions on your Account. Note that these values are calculated using the Maximum Financing Percentage and do not take into account the Financing Percentage selected by you.

6.5 Account Close-Out

6.5.1 Close-Out Level

You are required to keep sufficient funds in your Account to maintain your Account Value above the Close-Out Level. The Close-Out Level of your Account is 20% of the Total Minimum Margin Requirement for all Leveraged Transactions on your Account. These requirements apply at all times.

If your Account Value falls below the Close-Out Level at any point in time, subject to section 6.5.2, the Platform will attempt to take the following actions (Account Close-Out):

(a) The Platform will automatically close all Transactions on your Account in respect of Products for which the Trading Hours on that particular day have commenced and have not yet expired (the "Initial Close-Out").

(b) Subject to paragraph (c), as and when the Trading Hours in respect of any Transactions remaining on your Account re-commence, the Platform will automatically close those remaining Transactions, and will repeat this action each time the Trading Hours for any remaining Transactions re-commence until there are no remaining Transactions on your Account (each repetition of this action being a "Subsequent Close-Out").

(c) If your Account Value increases above the Close-Out Level following the Initial Close-Out or following any Subsequent Close-Out, whether:

- (i) as a result of Realised Profits created by the Account Close-Out;
- (ii) because you have made a payment on your Account that has been credited to your Account before the next Subsequent Close-Out was due to commence; or
- (iii) due to a combination of (i) and (ii) above,

then, following the completion of any Subsequent Close-Out that is underway at the time of such an increase in your Account Value (if applicable), the Account Close-Out will stop. Please note that such an increase in your Account Value (however caused) will not affect any Transactions that have already been closed during the Account Close-Out.

(d) During Account Close-Out, the Price at which a Transaction will be closed automatically by the Platform shall be the first Price available (taking into account the number of Units for the Transaction) during the relevant Product's Trading Hours.

Fully Funded Transactions are not included in the calculation of the Total Minimum Margin Requirement in determining the Close-Out Level. However, **Fully Funded Transactions will be closed** on any Account Close-Out, along with Leveraged Transactions.

If your Account Value falls below 50% of the Total Minimum Margin Requirement for your Account the Platform will attempt to notify you of that fact and of the Close-Out Level (expressed on the Platform as an Amount). Such notification is provided as a courtesy and you must not rely on the Platform or on us to notify you of such circumstances. If you receive such a notification you should consider closing Transactions or making a payment to us in order to reduce the risk of Account Close-Out. Any failure of the Platform to notify you, or the fact that you did not see such a notification, before the Close-Out Level is reached will not affect the likelihood of an Account Close-Out, our taking of the Reserved Actions at section 11.5(a) or section 11.5(h), or the exercise of our termination rights under section 11.2.5.

Where your Account Value is below the Close-Out Level any new Transaction that you enter into will be immediately closed by the Platform. This will result in a Realised Loss.

6.5.2 Reliance on Platform for Close-Out

You should note that:

You must not rely on the Platform to close out your Transactions if your Account Value falls below the Close-Out Level as we cannot guarantee that Account Close-Out will occur or the speed at which it will occur.

Account Close-Out does not and is not intended to limit your entire liability to us in respect of your Transactions. You must clear any negative Account Value immediately by the payment of an Amount to us sufficient to return the Account Value to zero or to a positive value.

6.6 Variation of Margin

CMC Markets reserves the right to vary the Maximum Financing Percentage and accordingly the Minimum Margin Requirement in respect of any Transaction on your Account at any time at its discretion. For example, CMC Markets may vary the Maximum Financing Percentage in periods of market volatility or to comply with CMC Markets internal risk-management policies (see section 14.12 in relation to notices).

Applicable Maximum Financing Percentages are specified in the Product Library. The Product Library is available on the Platform, on our website or by calling our Customer Management Team. See contact details in section 1.2 of this PDS.

6.7 Margin Requirement Examples

Examples of how Margin Requirements are calculated are displayed below:

Example								
CFD type	Product	Units	Opening Transaction Price	Opening Transaction Value	Financing Percentage selected	CMC Currency Conversion Rate	Calculation	Margin Requirement
Company	BHP	250	45.50	AUD 11,375	75%	1	$11,375 \times (1 - 75\%) \times 1$	AUD 2,843.75
Index	Australia 200	10	4745.4	AUD 47,454	95%	1	$47,454 \times (1 - 95\%) \times 1$	AUD 2,372.70
Commodity	Crude Oil West Texas	500	99.721	USD 49,860.50	90%	0.9372	$49,860.50 \times (1 - 90\%) \times 0.9372$	AUD 4,672.96
Currency	GBP/USD	100,000	1.64025	GBP 100,000	99%	1.54525	$100,000 \times (1 - 99\%) \times 1.54525$	AUD 1,545.25
Treasuries	Euro Bund	1,000	135.50	EUR 135,500	97%	1.33575	$135,500 \times (1 - 97\%) \times 1.33575$	AUD 5,429.82

6.7.1 Example 5 - Example of how your Account may reach a low Account Value

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
1 - Opening your Account	You open an Account and deposit \$10,000		\$10,000	\$0	\$0	\$10,000
2 - Open a Transaction	The price of Australia 200 is 4482.3/4483.3					
	You decide to place a Market Order to buy 50 Australia 200 at the Buy Price 4483.3 using the Maximum Financing Percentage of 99% The order is executed at 4483.3					
	The Opening Transaction Value is \$224,165	$4,483.3 \times 50$				
	The Margin Requirement for this Transaction is \$2,241.65 This amount is deducted from your Cash	$224,165 \times (1 - 99\%)$	\$7,758.35	\$2,241.65	-\$50	\$9,950
	The Transaction is automatically valued against the Sell Price giving a Current Transaction Value of \$224,115	$4,482.3 \times 50$				
	This results in an Unrealised Loss of \$50	$1 \times (224,115 - 224,165)$				
3 - Transaction Holding Costs	You decide to keep your Transaction open until after the end of the Calendar Day. As it is an Index CFD, Transaction Borrowing Costs will apply.					
	Today's Borrowing Rate for this Transaction is 6.75%, this rate is charged on the Unfunded Portion of the Transaction and your Cash is debited with \$41.04	$((224,165 - 224,165) \times 6.75\%) / 365$	\$7,717.31	\$2,241.65	-\$50	\$9,908.96

Product Disclosure Statement

4 – The next day: Close Out Level Approaching	The price of Australia 200 falls to 4,304.3/4,305.3, making the Current Transaction Value \$215,215	4,304.3 x 50				
	This results in an Unrealised Loss of \$8,950	1 x (215,215 - 224,165)	\$7,717.31	\$2,241.65	-\$8,950	\$1,008.96
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
	Your Account Value is below 50% of your Total Minimum Margin Requirement, the Platform will attempt to notify you of this	1,008.96 / 2,241.65=45%				

6.7.2 Example 6 - Example of where your Account falls below the Account Close-Out Level

Example						
Step		Calculation	Cash	Total Margin Requirement	Profit/Loss	Account Value
Steps 1 – 3 as in Example 5						
4 – The next day	The price of Australia 200 falls to 4,290.3/4,291.3, making the Current Transaction Value \$214,515	4,290.3 x 50				
	This results in an Unrealised Loss of \$9,650	1 x (214,515 - 224,165)	\$7,717.31	\$2,241.65	-\$9,650	\$308.96
	Your Margin Requirement does not change as it is based on the Opening Transaction Value					
	Your Account Value is below 20% of your Total Minimum Margin Requirements, the Platform will now attempt to close all of your Transactions	308.96 / 2,241.65=14%				
5 – Account Close-Out	The price of Australia 200 is 4,290.3/4,291.3					
	The Platform places a Market Order to sell 50 Australia 200 at the Sell Price 4,290.3 The Order is executed at 4,290.3, making the Current Transaction Value \$214,515	4,290.3 x 50	\$308.96	\$0	\$0	\$308.96
	This results in a Realised Loss of \$9,650, this is debited from your Cash	1 x (214,515 - 224,165)				
	The \$2,241.65 Margin Requirement is returned to your Cash, leaving you with no Margin Requirements					
In this example, after Spread and Transaction Holding Costs you would have made a loss of \$9,691.04						

7 Adjustment Events

This section deals with other factors you should consider when trading CFDs.

7.1 Corporate Actions and Adjustments

If a Corporate Action or Adjustment Event occurs, we will in our commercially reasonable discretion make any appropriate calculations, adjustments (including adjustments to the Price at which Orders to enter into the affected Transactions were executed), credits or debits. In respect of any Transaction which is designated by Amount, any applicable calculations, adjustments, credits or debits will be applied taking into account any fraction on a pro rata basis. If we determine that any calculations, adjustments, credits or debits under this section 7.1 cannot be made in a commercially reasonable manner or at all, we may close the affected Transactions.

With regards to Company CFDs, to qualify for a Corporate Action or Adjustment Event you must hold the Product at the close of that Product's Trading Hours on the day immediately preceding the ex-date. With Index CFDs, you must hold the Product at the end of the Calendar Day immediately preceding the ex-date of the relevant constituent of the Index.

Whilst a Corporate Action or Adjustment Event is processed, the Platform will not generate Prices or accept Orders for the relevant Product. Where possible we will process Corporate Actions and Adjustment Events outside the relevant Trading Hours.

CMC Markets is under no obligation to adjust the terms of any CFD in connection with a Corporate Action. You should remain aware of Corporate Actions that have occurred and that may impact your Transactions. Please note that CMC Markets is under no obligation to monitor Corporate Actions or bring them to your attention.

7.2 Insolvency

If any issuer whose shares form the basis of a Product becomes insolvent, is otherwise dissolved or is subject to any event which has an analogous effect, we reserve the right to close any Transaction on that Product within one month of such insolvency, dissolution or event and you agree that we may do so. If you have a Transaction on any such Product, we shall provide you with notice in writing of that insolvency or dissolution.

The Price at which Transactions shall be closed under this section 7.2 is in general zero. However, the Transaction will be closed at a higher Price if the underlying shares can still be sold on a liquid market at a higher Price. We will notify you in writing of the date and Price that your Transaction shall be closed.

7.3 Voting rights

By holding a CFD, you are not entitled to voting rights or other rights held by the registered holders of Underlying Reference Instruments.

7.4 Trading halts and suspensions

You will not be able to enter into any new transactions where there is a trading halt in the Underlying Reference Instrument or trading in respect of the Underlying Reference Instrument has otherwise been suspended in the Underlying Market. Where trading in a product has been halted or suspended CMC may exercise certain discretions, see section 11 ("CMC Markets Discretions") for more information.

8 Account administration

8.1 Operating your Account through our Platform

You, an Authorised Person or your Introducing Adviser may use our Platform to monitor Transactions at any point in real time, as well as view all Transactions, Orders and Account History. You agree to use our Platform to:

- (a) confirm all Transactions entered into with CMC Markets; and
- (b) monitor your obligations to CMC Markets.

You must keep all security information relating to your Account confidential. You are responsible for all orders and instructions and for the accuracy of all information sent electronically using any Account Sign In Details that has been linked to your Account (for example, by an Authorised Person). If you suspect or are aware your Account Sign In Details are no longer confidential, you should contact our Customer Management Team as soon as possible (see contact details in section 1.2 of this PDS).

8.2 CMC Currency Conversion

All Deductions and credits applied to your Account will be in your Account Currency, regardless of the Product Currency. Where the Product Currency is different to your Account Currency, all calculations of Deductions and credits will be undertaken in the Product Currency and converted into your Account Currency at the CMC Currency Conversion Rate and then applied to your Account. This does not mean that you can ignore the potential impact of currency exchange rates when you enter into a Transaction that is denominated in a currency other than your Account Currency – you should factor this into your trading decisions.

8.3 Payments and Withdrawals

You are responsible for ensuring that your Account is adequately funded at all times and for making payments to us that are required, from time to time, under the Agreement or Applicable Law, including any payments required:

- (a) to keep the Account Value above the Close-Out Level;
- (b) to clear any negative Account Value;
- (c) to satisfy any debts to us, including in respect of Transaction Holding Costs; or
- (d) in respect of Margin.

The accepted payment methods and the costs involved, instructions on how to make and correctly designate payments, and the timings for receipt of payments are available on the Platform or from our Customer Management Team upon request. We may reject any payment that is not made in accordance with these procedures and Applicable Law.

Payments will be accepted from you only where they are in respect of an Account held in your name, and the payment has originated from you and, in the case of bank transfers, where we have verified that bank account. If there is any inconsistency between your name (as supplied to us by you) and the name on the source account from which the payment originates, or if you do not correctly provide any other necessary details, the payment may be rejected and returned to the source account or there may be a delay in crediting the payment to your Account.

We will use reasonable endeavours to ensure that your successful payments are credited to your Account after the money has been received as cleared funds by us. However, we cannot guarantee the time it will take to credit such funds to your Account. The reasons for this can include the time it takes for our systems to process the payment, Circumstances Outside Our Control, if you have not

correctly designated the payment, or if manual processing of the payment is necessary.

Payments you make will not be counted as Cleared Funds in your Account, and can therefore not be used to meet Margin Requirements, until they have been credited to your Account by CMC Markets. Depending on the reference you include with the payment and the payment method used, transfers can take several days to be counted as Cleared Funds.

Details on how to make withdrawals, the relevant timings for withdrawals to take effect and our 'return to source' policy are available from our Customer Management Team upon request.

Unless we agree otherwise or to comply with Applicable Law, we will only accept a request for a withdrawal of money from your Account that is given directly by you and we will not accept any request for a withdrawal given by any other person. In addition, withdrawals will only be processed by us where the destination for the money being withdrawn is the same as the origin of your payment(s), unless (and subject to our approval) you have notified us in writing that your payment details have changed.

Under certain circumstances there may be a delay in processing your payment or a withdrawal, including where such delay is due to the time it takes for our systems to process the payment or withdrawal, to Circumstances Outside Our Control or to an issue in relation to your payment or withdrawal that we may be attempting to resolve to comply with Applicable Law.

We may in our reasonable discretion refuse or delay giving effect to your request for a withdrawal (in whole or in part) if we reasonably consider that:

- (e) on any particular day, you have already made five requests to withdraw money from your Account;
- (f) this money is required to cover any Transaction Holding Costs, Realised Losses, Margin or Net Unrealised Loss in respect of your Transactions;
- (g) we need the money to make a Deduction (under section 8.5) or exercise our right of Set-Off (under section 8.6) in accordance with the Agreement or Applicable Law (including for tax purposes);
- (h) we are required to do so under Applicable Law or we reasonably suspect that there has been a breach of Applicable Law; or
- (i) there is an unresolved dispute or a potential dispute between us and you in connection with the Agreement, including where you have breached the Agreement or we reasonably suspect that you have breached the Agreement, and we will (except in some cases where (f) above applies) notify you as soon as reasonably practicable if we decide to take such action.

Please note that the Cash value shown on the Platform does not represent the amount of funds that are available for withdrawal. As noted in sub-paragraph (e) above, we may withhold funds where you have Net Unrealised Losses in your Account.

8.4 Account Currency

The Account Currency for your Account will be as specified by CMC Markets at the time you opened the Account, and any payment obligations in relation to your Account must be settled in that currency. See section 10.3 ("Account Currency") for more information.

8.5 Our right to deduct money from your Account

Any money due to us under the Agreement, or required to be deducted by Applicable Law (including for tax purposes), may be deducted from any money held by us in respect of your Account (this is our right to make a "Deduction").

8.6 Our right of Set-Off between your Accounts and obligations

In addition to any other right we have to withhold a withdrawal from your Account or make a Deduction, we may, at any time at our discretion and without notice to you, apply any positive Cash balance on your Account or on any money due to you from us against any money due to us (or any of our Associates) from you (this is our right of "Set-Off"). We may apply the CMC Currency Conversion Rate to convert the relevant Cash balances and any money due to you or us into the same currency. If we exercise our right of Set-Off, we will give you notice of the amount of any debt that remains unsatisfied and you must immediately pay such excess to us.

8.7 Netting of payment obligations between us and you

If at any time:

- (a) you owe us and we owe you the same amount of money in the same currency, then both your and our such obligation will each be automatically satisfied and thus discharged; or
- (b) you owe us and we owe you a different amount of money in the same currency, then whichever of you or us that owes more may pay the excess to the other party and both your and our obligations will be satisfied and discharged.

8.8 Taxes and charges

Should any change in the basis or scope of taxation occur at any time which directly results in us having to make any payment(s) for withholding taxes or similar levies owed or payable by you under Applicable Law in respect of any of your Transactions, then we reserve the right to deduct any such payment(s) from your Account or otherwise require you to pay or reimburse us for such payment(s).

We are entitled to deduct or withhold from any payment made under the Agreement or credited to your Account, any tax required by law to be deducted or withheld from any such payment or credit.

Your tax treatment in relation to Transactions may differ according to your personal circumstances and the tax legislation in your jurisdiction (which may change). You may also be liable for other taxes and charges that are not imposed or withheld by us, including bank fees for transfers of money or assets, and fees to internet service providers. You are solely responsible for the timely payment of such taxes and charges. You should seek independent advice if you are in any doubt as to what further taxes and charges may apply to you as a result of your trading activities. See section 13 ("Taxation considerations") for more information.

8.9 How do you close a CFD Account?

You can close your Account by contacting our Customer Management Team (see contact details in section 1.2 of this PDS). Please see 11.2.5 ("Closing your Account(s) or terminating the Agreement") for more information about how your Account can be closed.

9 Client money

9.1 Introduction to client money

Any money received from you will be deposited and held by us on trust in a segregated trust account established, maintained and operated in accordance with the Australian Client Money Rules. Your money may be held in one or more trust accounts with other client money. We will not be liable for the solvency or any act or omission of any bank holding the trust accounts.

All client money held by CMC Markets is fully segregated. This means that all client money, including Margin, is held on trust in the segregated trust account. We do not use client money for the

purpose of meeting obligations incurred by us when Hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by CMC Markets from our operating cash account. In addition, client money is not used to meet the trading obligations of other Customers.

We may invest any of the money held in trust as permitted by the Australian Client Money Rules, and you irrevocably and unconditionally authorise us to undertake any such investment.

Unless otherwise agreed in writing:

- (a) we will be solely entitled to any interest or earnings derived from client money being deposited in a segregated trust account or invested by us in accordance with the Australian Client Money Rules with such interest and earnings being payable from the segregated trust account as and when we determine;
- (b) upon realisation of an investment of client money, the initial capital invested must either be invested in another investment permitted by the Australian Client Money Rules or deposited by us into a segregated trust account operated in accordance with Australian Client Money Rules;
- (c) in the event that the amount received upon realisation of an investment of the client money is less than the initial capital invested, we will pay an amount equal to the difference into a segregated trust account for the benefit of the Customer, except where any such difference is the result of amounts paid out of the investment to us in accordance with the terms of this PDS;
- (d) we will not charge a fee for investing client money in accordance with the Australian Client Money Rules; and
- (e) you authorise us to withdraw, deduct or apply any interest or earnings derived from your money held in any segregated trust account or invested by us. This includes:
 - (i) making payment for, or in connection with the adjusting or settling of dealings in CFDs;
 - (ii) the payment of Transaction Holding Costs, interest or other amounts due to CMC Markets, its Associates or other Persons connected with CMC Markets from the relevant segregated trust account or investment account, as the case requires and as CMC Markets determines; or
 - (iii) to pay, withdraw, deduct or apply any amounts from client money held in any segregated trust account or invested by us as permitted by the Australian Client Money Rules.

9.2 Protections afforded by the Australian Client Money Rules

In accordance with the Australian Client Money Rules, any money received by us on your behalf in relation to dealings in CFDs must be paid into a segregated trust account on the day it is received by CMC Markets, or the next Business Day. As soon as that money is deposited into that account, it is protected in the event, for example, that CMC Markets became insolvent, merged with another licensee or ceased to carry on some or all of the activities authorised by the licence.

Money withdrawn or deducted from the segregated trust account in accordance with section 9.1 is not protected. **In addition, until your realised and unrealised profits are moved into the segregated trust account (which occurs on a daily basis), they are not protected in the same way.**

As CMC Markets is the product issuer, you are exposed to the financial and business risks, including credit risk associated with trading with CMC Markets. If CMC Markets were to become insolvent, CMC Markets may be unable to meet some of its obligations to you. Refer to Section 10.4 ("Warning about counterparty risk") for more information.

In the event that the above occurred, money would be dealt with as follows:

- (a) money in the segregated trust accounts is held on trust for the Persons entitled to it, and is payable in the order set out in paragraph (c) below;
- (b) if money in the segregated trust accounts is invested, the investment is likewise held in trust for each Person entitled to money in the account; and
- (c) money in the segregated trust accounts would be paid in the following order:
 - (i) money that has been paid into the accounts in error;
 - (ii) payment to each Person who is entitled to be paid money from the accounts;
 - (iii) if there is not enough money in the accounts to be paid according to the above paragraphs, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
 - (iv) if there is money remaining in the trust accounts after payments made according to the above paragraphs, the remaining money is payable to CMC Markets.

9.3 Separate Accounts

Except as otherwise noted at section 14.5 ("Debts") and section 8.6 ("Our right of Set-Off between your Accounts and obligations") where you have opened more than one Account with us we will treat such Accounts as entirely separate. Any credit, including money deposited as Margin, on one Account will not, except where we exercise our rights under the Agreement, discharge any of your liabilities in respect of another Account.

If you request it in writing, we may, in our discretion, agree to treat your Accounts as one Account. In this case, all references to an Account in this PDS will be to your Accounts so aggregated. If we agree, this request will not take effect until we notify you.

10 Significant risks of trading CFDs

This section is about the major risks that can apply to trading CFDs. You should spend time reading and understanding this section and then working out how this applies to your personal circumstances, including your trading strategy.

CFDs are speculative products that can be highly leveraged and carry significantly greater risk than non-leveraged investments such as ordinary share trading. You should carefully read this section and then consider whether trading in CFDs is right for you given your personal circumstances (financial, taxation and otherwise) before you begin trading with us.

10.1 Trading may be affected by certain factors

The Prices of CFDs are derived from the prices in the Underlying Markets, which can be highly volatile. The Prices of CFDs and the Underlying Reference Instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by you. The Prices of CFDs may be influenced by, among other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

The ability of our Platform to generate Prices and execute Orders is also dependent on the availability of prices and liquidity in the exchanges, markets and other venues from which we gather data. In addition, because we maintain our own financial stability by Hedging with other counterparties, we may be unable to execute your Orders

where we cannot enter into a corresponding Transaction to hedge our own risk (for example, due to the activities of an issuer of shares to which your Transactions relate, which can sometimes restrict the market liquidity in those shares). Therefore, market circumstances may impact on your ability to place an order or close a Transaction with us. In contrast, if we enter into a corresponding Transaction, to Hedge our risk, this may have an influence on the Underlying Market conditions and consequently also on the Prices we quote on the Platform and your Account.

Finally, if trading in the Underlying Market is affected by Circumstances Outside Our Control, we may take certain action. Please see section 11 ("CMC Markets discretions") for further information.

10.2 Gapping

Financial markets may fluctuate rapidly and Prices of our Products are no exception. Any movements in our Prices will have a direct effect on your Account. Sometimes markets move so quickly that Gapping occurs.

Gapping occurs where there is a sudden shift in price from one level to another. This can be caused, for example, by unexpected economic events or market announcements, particularly where these occur outside Trading Hours. There may not always be an opportunity for you to place an Order between the two Price levels, or for the Platform to execute an open Order at a Price between those two levels. All markets have limited Trading Hours which can impose a significant risk to your ability to place Orders and close Transactions.

If Gapping occurs in the Underlying Market, it may also occur in the Price of the relevant CFD and may mean you are unable to close out your transaction or open a new transaction at the Price at which you have placed your Order or may have liked to place your Order. In addition, there is no predetermined amount by which the adjusted Price of a CFD can vary. Please see 4.2 ("How the Platform handles the different types of Orders") for more information.

In addition, where you have a Stop Loss Order or Trailing Stop Loss Order, these may not be executed at the Target Price you have selected and as a result your Realised Loss could exceed the loss you anticipated when these Orders were placed.

10.3 Account Currency

Your Account is maintained in your Account Currency which will be Australian Dollars for Australian customers.

If you are trading in a Product that is denominated in a currency different to your Account Currency, any Margin Requirement, Transaction Holding Costs, Deductions, credits, Adjustments, Realised Profits, Realised Losses and Unrealised Profits or Losses will be converted to your Account Currency at the CMC Currency Conversion Rate at the relevant time (and in respect of Unrealised Profits or Losses, in real time). Depending on the CMC Currency Conversion Rates (which may be different to those available elsewhere) and currency fluctuations, this may have an impact on your Account Value on an ongoing basis (and therefore on whether or not your Transactions might be automatically closed), and on any eventual profits that you make or losses that you incur.

10.4 Warning about counterparty risk

As CMC Markets is the CFD issuer, you are exposed to the financial and business risks, including the credit risk associated with trading with CMC Markets. If CMC Markets becomes insolvent, CMC Markets may be unable to meet its obligations to you.

CMC Markets has risk management and compliance systems in place to manage its risks including but not limited to financial, operational and credit risks. Funds are held with reputable financial institutions. CMC Markets has policies around monitoring Customer positions and Close-Out Levels. The CMC Markets Group monitors market risk on a daily basis against set limits.

Before entering a relationship with a new Hedging counterparty the CMC Markets Group undertakes a due diligence process. This process will include a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit rating, reputation, market presence, funding arrangements, stock availability, trading platforms, reporting processes and fees and charges.

CMC Markets will transfer monies owed to Customers (which may include Customer gains) to the segregated trust account (daily), from our operating cash account. Prior to segregation, you are an unsecured creditor in respect of monies owed which you should be aware of in the (unlikely) event that CMC Markets were to become insolvent.

CMC Markets maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its Australian Financial Services Licence. The steps that are taken to ensure this include:

- Performing a daily adjusted surplus liquid funds calculation, ensuring that we meet the minimum liquid capital requirement set by ASIC; and
- Performing a daily client cash segregation calculation, ensuring that we hold adequate cash in our client trust account in order to meet our obligations to the client. All client cash is maintained in fully segregated trust accounts separate to CMC's operating account.

If you require further information about CMC Markets' financial position, please contact our Customer Management Team and request a copy of our audited financial statements. These will be provided free of charge.

10.5 Risks associated with OTC derivatives

When you enter into any Transaction with us through our Platform, you will be entering into an off-exchange (sometimes known as an over-the-counter, or 'OTC') derivative, which is non-transferable. This means you will enter into Transactions directly with us, and also that those Transactions (or 'positions') can only be closed with us. This involves greater risk than investing in a financial instrument such as a share which is transferable, or dealing in an exchange-traded derivative, because your ability to open and close Transactions is dependent on our Platform being in a position to accept Orders from you and to execute them. In certain circumstances this may not be possible (see section 10.1 ("Trading may be affected by certain factors")) for further information.

As there is no cooling off regime associated with OTC derivatives, subject to section 2.18 ("Errors"), you are not able to cancel a Transaction once it has been entered into.

In addition, all of your Transactions with us are settled in cash, and you do not have any rights to any Underlying Reference Instrument.

10.6 We act as a market maker

Although the Prices generated by our Platform will take into account current exchange and market data from various sources, they are not taken directly from any source. This means that our Price may be different to any current exchange or market price, or another financial product provider's price, for the relevant Underlying Reference Instrument. The profits or losses that you make from trading with us will depend on our prices, and not prices prevailing or shown anywhere else.

10.7 Potential loss caused by Spread

Because of the difference between the Buy Price and Sell Price of a CFD, the relevant CFD Price must move favourably before you can break even. In other words, even if the CFD price does not move at all and you close out your position, you will make a loss to the extent of the Spread and of any CMC Markets fees and costs which apply to the CFD. Furthermore, the Spread may be larger at the time you close out the position than it was at the time you opened it.

See section 5.1 ("Spreads") for more information.

10.8 Conflicts of interest

CMC Markets, its Associates or other Persons connected with CMC Markets may have an interest, relationship or arrangement that is material in relation to any CFD entered into with us. You agree that we may conduct such business without your prior consent.

In addition, we may provide services to third parties whose interests may be in conflict or competition with your interests. CMC Markets, its Associates or other Persons connected with CMC Markets and the employees of any of them may, or may act on behalf of other Customers who may, take positions opposite to yours or may be in competition with you to acquire the same or a similar position. From time to time we may effect Transactions with or through our Associates in connection with the Products and Services we provide.

We will not deliberately favour another Person over you, but will not be responsible for any loss which may result from such competition.

CMC Markets is a CFD issuer, not a broker. Accordingly, you will be trading CFDs directly with us, and not on any financial market. As a CFD issuer, we set the Prices that refer to, but may not always be the same as, those in the Underlying Market. We will always act as a principal, not as an agent, for our own benefit in respect of all Transactions with you.

CMC Markets may also conduct Transactions as principal in the Underlying Reference Instruments on which CFDs are based, including shares and futures. In particular, the CMC Markets Group may at its sole discretion, Hedge our liability to you in respect of your CFD positions by undertaking Transactions in the Underlying Reference Instruments in the Underlying Markets. However, we have no obligation to do so and are under no obligation to inform you as to whether or not we have done so. These trading activities may affect (positively or negatively) the Prices at which you may trade CFDs.

10.9 Information technology

We will do our best to make the Platform available when required by you, but we cannot guarantee that it will be available continuously. This is because from time to time:

- (a) errors and/or failures may occur in respect of technology, the internet may be subject to faults or events which may affect your access, and your systems, our systems or the systems of a third party, which you or we rely on, may fail to work properly (see section 11.7 for more information about Circumstances Outside Our Control); and
- (b) we may need to suspend availability of the Platform for maintenance, repairs, upgrades or any development-related issues. We will normally seek to carry out these works outside Trading Hours. If this occurs during Trading Hours relevant to any of your Transactions we will, where reasonably practicable, provide you with prior notice of such suspension and, if necessary, suggest alternative ways for you to access your Account.

You are responsible for making sure that you are able to access the Platform when you need to and when it is available. This responsibility includes having access to a device that can connect to the Platform

and maintaining the device so that it functions properly.

If you cannot access the Platform directly, then you may be able to contact our Customer Management Team by telephone to request that we access the Platform on your behalf. However, because our service is primarily provided online, this facility is likely to be a much slower method of placing Orders or giving us other instructions than if you access the Platform yourself and you must not rely on our Customer Management Team being available nor can we guarantee that our Customer Management Team will be available to assist you to enter into or close Transactions.

Where the Platform or any other content generated by us contains links to other sites and resources provided by third parties, these links are provided for your information only. We generally have no control over the content of those sites or resources and, subject to the paragraph below, we accept no responsibility for them or for any loss or damage that may arise from your use of them.

CMC Markets does not accept any liability in respect of the operation of our Platform, except to the extent that it is caused by the negligent act or omission, fraud or dishonesty on the part of CMC Markets or its employees, agents or representatives, or any other matter that cannot be excluded under Applicable Law.

10.10 You may suffer losses in excess of the money you deposit with CMC Markets

When you trade with us, you risk losing more than the amount that you deposited with us. This is different to investing in other types of financial instruments, for example shares, where generally you only stand to lose the amount you pay for the asset that you buy.

Although the Platform has features that are designed to minimise your risk of loss, none of these are guaranteed and you should not rely on them.

Losses from your Transactions: The amount of any loss for an individual Transaction will be the amount that you owe us when that Transaction is closed. Even over a short space of time this amount may exceed the amount of the Margin that you used to enter into the Transaction. This is a feature of leveraged (also known as 'geared' or 'margined') instruments – you can lose more than your initial payment.

Opening a Leveraged Transaction means that you are only required to deposit a proportion of the total Transaction value to open that Transaction, and therefore you are able to take a larger position than your capital otherwise would enable you to. The remaining portion of the total Transaction value is leverage. The higher the leverage the greater the impact that market fluctuations will have on your profits and losses. Consequently, the higher the leverage, the higher the risk involved.

Therefore, the impact of any Price movement on your Account will depend on the Transaction size as well as the leverage of your Transaction, rather than the amount of your Transaction Margin. A small movement in Price may have a large impact on your Account if you have entered into a highly leveraged Transaction. In addition, when entering into a short Transaction (i.e. a 'sell' Transaction) it is possible to lose significantly more than the opening Transaction value, since the amount by which the Price could increase may be greater than the initial Price at which you opened the Transaction. Therefore, short Transactions can be riskier than long Transactions. This is the case even for Fully Funded Transactions.

Costs incurred through trading: Depending on the Transactions you enter into, and how long you hold them for, we may require you to pay Transaction Holding Costs. These Transaction Holding Costs will be incurred on a daily basis when you keep a Transaction on our products open overnight. In some cases, and particularly where you

keep Transactions open for a long time, the aggregate of these Transaction Holding Costs may exceed the amount of any profits or increase your loss. Please refer to section 5.2 of this PDS for further information on how Transaction Holding Costs are calculated.

10.11 Scope of CFD Market Regulation

As CFDs are contracts with CMC Markets and are not traded on a licensed market, some of the protections associated with licensed markets are not available for trading in CFDs. For example, trading on the ASX generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades.

The National Guarantee Fund does not apply to CFD trading, nor any other compensation fund operated by an Underlying Market.

CMC Markets is, however, regulated in Australia by ASIC, holds Australian Financial Services Licence No. 238054 and is subject to the Australian Client Money Rules. See section 9.2 ("Protections afforded by the Australian Client Money Rules") for more information.

10.12 Different products pose different risks

We offer numerous Products, which are derived from very different Underlying Reference Instruments. Each of these products poses specific risks which can differ widely from other products, for instance with respect to the range and speed of market fluctuations or with respect to their liquidity. Therefore, you should ensure that you understand the specific risks of a Product before you open a Transaction on that Product.

Where a Product's Underlying Reference Instrument is itself a complex financial product that has its own multiple underlying instruments (a 'basket' of instruments), this will have an impact on the risk of the product. The risk involved in a basket product will depend on the risks involved in its constituents. If the basket constituents share similarities (for example they all relate to the same sector or country) then this can make the Product riskier. Also, if riskier constituents are given a higher weighting within the Product, this will make the Product riskier. If you choose to use a basket Product then you should make sure that you understand the risks involved in all the different constituents, the risks involved in the overall combination of constituents that make up the Product, and the risks involved in how the constituents are given their respective weightings.

10.13 Risks of trading on credit

If you fund your Transactions with us on credit, your risk will be significantly increased and if you make a loss using that money, you will still have to repay your credit including interest. Therefore, you must not rely on being able to redeem borrowed funds with any profits from Transactions with us.

10.14 Your Transactions are at risk of being closed automatically

At all times, your account value must stay above the Close-Out Level, i.e. 20% of the Total Minimum Margin Requirement, otherwise **all** your Transactions may be closed by the Platform, not just Leveraged Transactions or those which are making a loss. However, **we do not guarantee such closure and you must not rely on it**. It is your responsibility to monitor your positions closely and you will be able to monitor your Account Value through the Platform. Closely monitoring your positions is very important because you might need to make immediate additional Margin payments to avoid a Close-Out by the Platform. The Platform will attempt to notify you when your Account Value falls to 50% of your Total Minimum Margin Requirement on your Leveraged Transactions, although you should not rely on the Platform giving you this warning. To prevent closure of your Transactions, you

should deposit a sufficient amount of money into your Account to cover any potential losses or costs from your Transactions. It is important to note that even an amount that you previously deposited and which appeared to be more than sufficient at the time, can very quickly become insufficient due to rapidly changing market conditions. See section 6.5 ("Account Close-Out") for more information.

In addition, if you enable the 'Transaction based stop loss' function, the Platform will automatically attach a Stop Loss Order to each Transaction, and will seek to close any Transaction at the suggested Target Price, unless you specify otherwise. See section 3.3 ("Transaction Based Stop Loss") for more information. You may also set a Take Profit Order or Stop Loss Order for any Order by amending the ticket, or if a Transaction has already been entered into, at any time before the Transaction is closed, by amending the Transaction on the positions tab of your Account summary. However, execution of such orders **is not guaranteed and you must not rely on them**.

11 CMC Markets discretions

11.1 General Discretions

We may, acting reasonably, exercise a variety of discretions under this PDS in respect of your trading in CFDs. These discretions are described in more detail below or are set out in other parts of this PDS. For example where we:

- (a) change the way a CFD Price is calculated;
 - (b) change a Buy Price or Sell Price;
 - (c) amend the Product Library;
 - (d) withhold any payments;
 - (e) change the Maximum Financing Percentage used to calculate your Minimum Margin Requirement;
 - (f) close some or all of your Transactions;
 - (g) determine what a materially incorrect Price is;
 - (h) open an Account;
 - (i) close your Account;
 - (j) limit the size of your Transactions;
 - (k) limit the size of your Account balance;
 - (l) accept, amend, cancel or reject your Order; and
 - (m) pass on any additional costs that CMC Markets incurs in executing your business or maintaining your Account including, but not limited to increased market data fees. We will inform you of any additional charges before they are applied to your Account.
- In exercising such discretions we will have regard to our commercial objectives, which include:
- (n) complying with our legal obligations as a holder of an Australian Financial Services License;
 - (o) maintaining our reputation as a product issuer;
 - (p) responding to competitive market forces; and
 - (q) managing all forms of risk including but not limited to operational risk, credit risk and market risk.

You expressly agree that we are not under any obligation to exercise any discretion in your interests or for your benefit.

Where we exercise our discretions, we may, or where required by law will, give you written or oral notice of our decision.

11.2 Amendments and Termination

This section explains our rights to make amendments to the Agreement and what can happen to your use of our Products and Services if we exercise those rights.

11.2.1 Amendments to the Agreement in general

We may amend any part of the Agreement, including the Close-Out Level, at any time by giving you notice in writing. Any amendments we make must be in accordance with Applicable Law. We will only make amendments for a valid reason.

Information in this PDS may be updated from time to time where that information is not materially adverse to customers. We may provide updated information on our website at cmcmarkets.com.au. You agree that we may give you an updated PDS, supplementary PDS or updated FSG by making it available on a website that is maintained by, or on behalf of, CMC Markets and giving a notice, in printed or in electronic form, to you or your agent that it is available on the website.

Subject to sections 11.2.2 (“Amendments to Maximum Financing Percentage”), 11.2.3 (“Amendments to Prices, Variable Rates and Attributes”) and 11.2.4 (“Removal of Products”) any amendments to the Agreement that we notify to you will take effect on the date specified in our notice to you, which will be at least ten Business Days’ after we send our notice to you. You will be free to close your Account(s) and/or terminate the Agreement in accordance with section 11.2.5 (“Closing your Account(s) or terminating the Agreement”) before the amendment takes effect if you are not happy with the amendment. During this period, subject to the terms of the Agreement and section 10.1 (“Trading may be affected by certain factors”), you will be able to close those Transactions and cancel those Open Orders if you wish. Unless we state otherwise, changes we notify to you will affect all ongoing business between us and you, including Open Orders and Transactions.

11.2.2 Amendments to Maximum Financing Percentage

In addition to our rights under section 11.2.3 (“Amendments to Prices, Variable Rates and Attributes”) to amend Attributes without prior notice to you, we may from time to time make amendments to the Maximum Financing Percentage applicable to existing Transactions and we will, where possible, provide you with three Business Days’ notice of such an amendment, although on occasion we may make such an amendment on shorter notice or without giving you prior notice where in our reasonable opinion such an amendment is warranted and fair. If you have an open Transaction, the method of this amendment may take the form of closing your current Transaction and reopening a new Transaction with the new Maximum Financing Percentage.

11.2.3 Amendments to Prices, Variable Rates and Attributes

Subject to section 11.2.2 (“Amendments to Maximum Financing Percentage”), the Platform will amend Prices, Variable Rates and Attributes in real time and such amendments will take effect immediately as and when they are made on the Platform even if they are not displayed on the device that you use to access the Platform (for example, due to poor internet connectivity).

11.2.4 Removal of Products

Subject to section 11.5 (“Reserved Actions”), we may, at any time, remove any Product(s) from the Platform. If you have a Transaction on the Product in question, we will provide you with reasonable notice in writing, where possible, that we intend to remove that Product. We aim to provide you with at least ten Business Days’ notice in which to close any Transaction that you may hold on such a Product, however, where in our reasonable opinion it is necessary and fair to do so, we reserve the right to provide a shorter notice period or no notice at all.

You should cancel any Open Orders and/or close any Transactions in respect of that Product before the time specified in our notice. If you do not

do this, we will cancel any Open Orders and close any Transactions in respect of that Product at the time and in the manner specified in the notice.

11.2.5 Closing your Account(s) or terminating the Agreement

You may close any Account held by you and/or terminate the Agreement by giving us notice in writing, which will take effect immediately. You should cancel any Open Orders and close any Transactions on the relevant Account(s) and then withdraw any money due to you before giving us notice. If you do not do this, we will cancel any Open Orders and close any Transactions as soon as possible after we receive your notice and then attempt to return any money due to you.

We may close any Account and/or terminate the Agreement by giving you notice in writing, which will take effect on the date specified being no less than ten Business Days after the date of the notice. Unless our notice specifies otherwise, you will be allowed to cancel any Open Orders and/or close any Transactions yourself during the time between when we give you the notice and the time when your Account is due to close and/or the Agreement is due to terminate.

If we have serious valid reasons for doing so, we may terminate the Agreement with less than ten Business Days notice, including immediately. We will cancel any Open Orders and close any Transactions at the time and the manner specified in the notice.

When you or we close your Account(s) and/or terminate the Agreement we may exercise any right that we have under section 8.5 to make a Deduction or under section 8.6 to exercise our right of Set-Off.

11.3 Right to cancel, limit or close Transactions

If you fail to pay, or provide security for, amounts payable to us or fail to perform any other obligation included in the Agreement, we have powers to take steps to protect our position. These powers include the power to close out Transactions.

CMC Markets has the right, whether with or without prior notice, and in addition to any other rights it may have under this Agreement:

- (a) to close out all or part, as CMC Markets reasonably considers appropriate, of your Transactions; or
 - (b) to limit the size of your Transactions; or
 - (c) to refuse orders to establish new positions; or
 - (d) to cancel your positions,
- if
- (e) CMC Markets reasonably considers there are abnormal trading conditions;
 - (f) CMC Markets, in its reasonable opinion, considers it necessary for the protection of its rights under this Agreement;
 - (g) CMC Markets is unable to make Prices in the relevant CFD due to the unavailability of the relevant market information for reasons beyond CMC Markets’ control;
 - (h) CMC Markets so decides in its discretion and, in this case only, gives written notice of such decision to you;
 - (i) CMC Markets considers that you may be in possession of ‘inside information’ within the meaning of the Corporations Act;
 - (j) CMC Markets considers that you may be in breach of any Applicable Law;
 - (k) you or CMC Markets is so requested by ASIC or any other regulatory agency or authority;
 - (l) any of the circumstances set out in section 11.4 of the definition of Specified Event apply to you;
 - (m) you breach the Close-Out Level or fail to deposit any other sum due under this Agreement in respect of any Transaction;

- (n) the aggregate of your orders and all other orders for a CFD is outside of limits set by CMC Markets;
- (o) a Position Limit is, or is likely to be, exceeded;
- (p) CMC Markets can no longer Hedge your position or has a position closed out by a counterparty; or
- (q) Prices are manipulated or you use any fault in the Platform unfairly to gain a price advantage which would not normally be available if the Platform had not suffered the fault.

11.4 Specified Events

A Specified Event occurs on:

- (a) your failure to make any payment or failure to do any other act or thing required under in accordance with this PDS;
- (b) your death or mental incapacity;
- (c) your stating that you are insolvent;
- (d) your seeking or obtaining protection from any of your creditors under any legislation;
- (e) your becoming insolvent or committing an act of bankruptcy or your estate coming within the law dealing with bankrupts;
- (f) a bankruptcy petition being presented in respect of you, or if you are a partnership, in respect of one or more of the partners, or if you are a company, a receiver, trustee, administrative receiver or similar officer being appointed;
- (g) the occurrence of any of the following events:
 - (i) an order being made to wind you up;
 - (ii) an application being made to a court for an order that you be wound up;
 - (iii) an application being made to a court for an order to appoint a liquidator, provisional liquidator or controller;
 - (iv) a liquidator, provisional liquidator or controller being appointed to you;
 - (v) a resolution being passed to appoint an administrator to you;
 - (vi) a resolution being passed or notice being given of your intention to pass a resolution to wind yourself up;
 - (vii) you entering into a deed of company arrangement or proposal of a reorganisation, moratorium or other administration involving all or any of your creditors;
 - (viii) your dissolution or being wound up in any other way;
 - (ix) your stating you are unable to pay your debts as and when they fall due;
- (h) an execution being levied against your business or property which isn't removed, released, lifted, discharged or discontinued within 28 days;
- (i) your seeking of a moratorium or proposal of any arrangement or compromise with your creditors;
- (j) any other event having substantially the same legal effect as the events specified above;
- (k) any security created by any mortgage or charge becoming enforceable against you and the mortgagee or charger taking steps to enforce the security or charge;
- (l) your having any indebtedness or any of your subsidiaries having indebtedness becoming immediately due and payable, or capable of being declared so due and payable, prior to their stated maturity by reason of your default (or the default of any of your subsidiaries) or your (or any of your subsidiaries) failure to discharge any indebtedness on its due date;
- (m) an Error occurs;
- (n) you have failed at any time to comply with any of your obligations under the Agreement, including failure to ensure your Account Value stays above the Close-Out Level, failure to make any

payment to us when due, or where any declaration or assurance given by you to us is or becomes untrue without you having given us reasonable prior notice in writing;

- (o) any of the representations or warranties you give being, or becoming, untrue; or
- (p) any other circumstance exists where we reasonably believe that it is necessary or desirable to protect you or us, including any breach or potential breach by you of Applicable Law or the Agreement or where you do not respond as reasonably required to any notice, communication or request for further information from us in relation to your Account.

11.5 Reserved Actions

After a Specified Event has occurred, we will have the right to take the following actions ('**Reserved Actions**')

- (a) close any Transactions or cancel any Orders on your Account;
- (b) prohibit you from accessing or using your Account;
- (c) suspend or in any way limit or restrict your ability to place any Order or Transaction or to give any instruction in relation to your Account;
- (d) vary the Attributes and Variable Rates (as well as the Prices), including those relevant to your Transactions;
- (e) cancel any Transactions (as if they had never been entered into in the first place) and the effect of such Transactions on your Account;
- (f) impose special terms in relation to any Order or Transaction which, by virtue of its size, is deemed by us to be abnormal by reference to the relevant Product or its volatility or its liquidity;
- (g) make appropriate Deductions or credits;
- (h) close any Account in accordance with section 11.2.5 or any other procedure;
- (i) exercise any right of Set-Off, to make a Deduction, or to charge interest, that we have under the Agreement or Applicable Law;
- (j) retain any sum owed by you to us or any of our Associates; or
- (k) suspend the generation/quotation of Prices and/or the execution of Orders by the Platform in respect of any Product.

If we decide to take any Reserved Action then we will attempt to notify you of this as soon as reasonably practicable, unless Applicable Law prevents us from doing so. If we are able to give you prior notice of our intention to take any Reserved Action, then that Reserved Action will either take effect immediately or at such time as specified in the notice.

After a Specified Event has occurred, and without prejudice to our other rights, we may at any time and without notice:

- (l) combine, close or consolidate all or any of your Accounts with CMC Markets, its Associates or other Persons connected with us and offset any amounts owed to, or by, CMC Markets, its Associates or other Persons connected with us, in such a manner as we may in our discretion determine; and
- (m) retain any sum owed by CMC Markets, its Associates or other Persons connected with us to you against any of your contingent liabilities to CMC Markets, its Associates or other Persons connected with us for so long as the contingency subsists.

11.6 Assignment

If you are in default of any of your obligations under the Agreement, we will be entitled (without prejudice to any other rights we may have) to assign to any Person with immediate effect, our rights in respect of money you owe to us under the Agreement, as well as any security or other remedies available to us in respect of such money. If such assignment is made, then you will, if required by CMC Markets and the assignee, acknowledge in writing that the assignee has assumed the

rights and obligations of CMC Markets under the Agreement in relation to the relevant money you owe.

You authorise us to take any or all of the steps described in this section without giving prior notice to you, and you acknowledge that we will not be responsible for any consequences of our taking such steps. The rights described in this section are in addition to any other rights which CMC Markets, its Associates or other Persons connected with us may have against you.

You agree to execute such documents and take such other action as we may request in order to protect the rights of CMC Markets, its Associates or other Persons connected with us under this PDS or any other Agreement you have with us.

11.7 Circumstances Outside Our Control

A Circumstance Outside Our Control is the actual existence of, or our reasonable belief of the existence or imminence of, any circumstance that is beyond our reasonable control, for which we are not prepared and for which we could not reasonably have been prepared, and which prevents us from being able to provide the Platform, quote Prices and/or perform any of our obligations under the Agreement.

Circumstances Outside Our Control include:

- (a) changes in Applicable Law,
- (b) events or circumstances on any relevant financial market (including a lack of sufficient trading activity) that impair or remove the ability of the Platform to operate on a normal and orderly basis, including to generate and/or quote a correct Price, or any Price;
- (c) acts or omissions of any third party financial institution with whom we deal which have the effect that we are unable or it is impractical for us, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset we deem necessary or appropriate to Hedge our price risk relating to Transactions;
- (d) errors, failures or disruptions in our systems or any other infrastructure (including infrastructure under the control of third parties) on which we are substantially dependent, including where we receive incorrect data, or we do not receive relevant data;
- (e) natural disasters and emergencies, including floods, earthquakes and other acts of God;
- (f) man-made emergencies, including fire, explosions, criminal acts, riots, war, armed conflict, imposition of sanctions and terrorist attack; and
- (g) third-party default, including any labour dispute, strike, industrial action or dispute, lockout, and non-performance by suppliers or subcontractors.

If we reasonably determine that there is a Circumstance Outside Our Control:

- (h) we will give you notice of such determination as soon as it is practicable and in accordance with Applicable Law;
- (i) we will do our best, and it will be our primary goal, to resume our provision of the Platform and/or performance of our obligations under the Agreement as soon as possible. However, there may be some situations where this is not reasonably possible without significant delay, or not possible at all, in which case we will inform you of any proposed course of action that we intend to take, which will be with a view to minimising any adverse impact of the Circumstance Outside Our Control on both you and us;
- (j) provided it is fair and reasonable, we may take an appropriate Reserved Action under section 11.5 ("Closing your Account(s) or terminating the Agreement") with a view to minimising any adverse impact of the Circumstance Outside Our Control on both you and us; and

- (k) any failure by us to perform our obligations under the Agreement caused by a Circumstance Outside Our Control will not be considered to be a breach of the Agreement.

Where we are able to resume our provision of the Platform, quoting Prices and/or performance of our other obligations under the Agreement following a Circumstance Outside Our Control:

- (l) the value of any Transaction you held immediately before the Circumstance Outside Our Control (which has not been closed or cancelled by us under section 11.5 ("Closing your Account(s) or terminating the Agreement")) will be calculated in accordance with the relevant Price as at the time we are able to resume our provision of the Platform and/or performance of our obligations under the Agreement;
- (m) if any conditions specified by you in respect of an Order or Transaction immediately before the Circumstance Outside Our Control (which has not been cancelled or closed by us under section 11.5 ("Reserved Actions")) have been met, the relevant Transaction may be entered into or closed immediately after we resume our provision of the Platform and/or performance of our obligations under the Agreement; and
- (n) you are responsible for re-instating any Order that we cancelled under section 11.5(a) during the Circumstance Outside Our Control, and for cancelling any Open Order that remains.

12 Dispute resolution

12.1 Internal complaints handling system

On receipt of a complaint, the CMC Markets employee that receives the complaint will make every effort to resolve the issue, and, if they are unable to do so, the matter will be referred to a senior member of the relevant CMC Markets division for further investigation.

If you are dissatisfied with the outcome, you will be requested to provide:

- (a) written notice specifying the nature of the complaint, the desired outcome and what action you think will settle the complaint; and
- (b) all relevant material to support the complaint

Complaints should be addressed to the Complaints Officer and sent to CMC Markets.

The Complaints Officer will, on receipt of written notice:

- (c) within five Business Days, provide a written acknowledgement of receipt and an indication of the timeframe in which CMC Markets will respond to your complaint;
- (d) consider and investigate the circumstances surrounding your complaint;
- (e) advise you of the criteria and processes applied by CMC Markets in dealing with complaints;
- (f) on request, provide you with any relevant, non-confidential, material relating to the complaint; and
- (g) communicate directly with you, with a view to resolving the complaint in a fair and timely manner.

No later than 45 days following receipt of written notice, the Complaints Officer must:

- (h) notify you in writing of the decision in relation to your complaint;
- (i) provide you with written reasons for the decision;
- (j) outline to you the remedies, if any, available to you; and
- (k) advise you of any other avenues for complaint and the timeframes involved in those avenues.

Where you have any redress (financial or otherwise), we will provide that redress promptly.

If the complaint is not resolved within 45 days following the receipt of written notice, the Complaints Officer will inform you of the reasons for the delay.

Please contact our Customer Management Team if you need more information on how complaints are handled by CMC Markets (see contact details in section 1.2).

12.2 External dispute resolution process

If the dispute or difference can't be resolved by us through our internal complaints handling system (see section 12.1), you may refer the dispute or difference to Financial Ombudsman Service (FOS) for determination according to its rules provided the dispute or difference falls within the rules of FOS.

You may lodge your complaint with FOS by sending the necessary documents and information to:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Australia

Phone: (03) 9613 7366 **Fax:** (03) 9613 6399 www.fos.org.au

Before FOS will deal with your complaint you must have first lodged a formal complaint with us and given us time to resolve the complaint.

Please refer to our dispute handling procedures on our website for further information.

13 Taxation considerations

13.1 Introduction

The following is a summary of the Australian Taxation Office (ATO) Taxation Ruling 2005/15 in regards to trading in CFDs, and is based on the taxation laws as at the date of this PDS.

CMC Markets does not provide financial or tax advice and this summary does not address all of the possible scenarios that may arise. It is important to note that the tax position of each taxpayer will be dependent on personal circumstances and you should consult your own taxation adviser before trading in CFDs.

13.2 Taxation ruling

Taxation Ruling 2005/15 describes the income tax and capital gains tax consequences of trading in financial contracts for difference, such as CFDs. A summary of Taxation Ruling 2005/15 is set out below. A copy of Taxation Ruling 2005/15 is available at ato.gov.au, as is the *Income Tax Assessment Act 1997* ("ITAA 1997").

13.2.1 Gains and losses from trading in CFDs

The ATO's view is that any gain you make from trading in a CFD will be assessable income while any loss you make from trading in a CFD will be an allowable deduction provided that:

- the CFD transaction is entered into as an ordinary part of carrying on a business;
- the profit is obtained, or the loss is incurred, as a consequence of a business operation or commercial transaction for the purpose of profit making; or
- the profit was made in carrying on, or carrying out, a profit-making scheme.

13.2.2 Capital gains tax (CGT)

Where gains and losses are not considered as assessable or allowable (see above), those gains and losses would be an assessable capital gain or capital loss. A gain or loss from a financial contract for

difference arising from 'gambling' will not be assessable income or deductible expense. Similarly, a capital gain or capital loss arising from 'gambling' will be disregarded.

To the extent that a gain from trading in a CFD as a result of a CGT event is assessable, a capital gain arising from the event is reduced. To the extent that a loss made from trading in a CFD is deductible, the reduced cost base of the asset is reduced, thereby also reducing the amount of the capital loss.

In calculating any capital gain or loss, you will be entitled to take into account the costs of acquiring, holding and disposing of the CFD.

13.3 Interest and adjustments for dividends

Interest charged on debit balances. Any interest on debit balances on your Account you pay to CMC Markets will be deductible.

13.3.1 Transaction Holding Costs you pay or receive due to holding a CFD

Transaction Holding Costs you may pay or receive due to holding a CFD will form part of the net gain or loss you make when trading in the CFD.

13.3.2 Adjustments for distributions

Any adjustments made to your Account due to a distribution being paid on an Underlying Reference Instrument on which a CFD you hold is based, will form part of the net gain or loss you make when trading in the CFD.

13.4 Non-Australian tax residents

You should also note that the above comments apply to residents of Australia for taxation law purposes. If you are a non-resident of Australia for taxation purposes (that is, non-Australian tax resident), or unsure of your residency status for taxation purposes, you should also consult your own professional tax adviser.

13.5 Other taxes and fees

You agree to pay all applicable GST and other taxes and all other fees reasonably incurred by CMC Markets in connection with any Transaction. Any future imposition of stamp duty or other tax, which may from time to time be levied in respect of CFDs, will be for the account of, and payable by, you.

We are entitled to deduct or withhold from any payment made under the Agreement or credited to any Account, any tax required by law to be deducted or withheld from any such payment or credit. If you make any payment under the Agreement which is subject to such deduction or withholding, you must pay to us an additional amount to ensure that the amount that we actually receive is equal to the full amount we would have received had no deduction or withholding been made.

13.6 Taxation of financial arrangements

The Tax Laws Amendment (*Taxation of Financial Arrangement*) Act 2008 ("TOFA") may apply to taxpayers who meet certain size thresholds or to taxpayers who elect to fall within the TOFA provisions. The TOFA Act only applies to income years commencing on or after 1 July 2010, unless an election to adopt the TOFA provisions early has been made. If the TOFA provisions are applicable to you, then the consequences of trading in financial contracts for difference such as CFDs, may be different from that outlined in this section. You should consult your own taxation adviser before trading in CFDs.

14 Other considerations

14.1 Your declarations and assurances

When you apply to open an Account, access the Platform, attempt to place an Order, make a payment into or a withdrawal of money from your Account or give us any other instruction, we are entitled to rely on the following declarations and assurances as having been confirmed by you to be true and accurate (and you must notify us immediately in writing if this is not the case):

- (a) changes in applicable law
- (b) you are, and will remain, in full compliance with Applicable Law, and nothing under Applicable Law prohibits or restricts you from entering into Transactions or fulfilling your obligations under the Agreement;
- (c) all information that you supply to us from time to time (whether via your Application Form or otherwise) is complete, true, accurate and not misleading in any respect that would affect our decision as to whether or not to open an Account for you and/or accept your Orders and you will inform us immediately, in writing, of any change to the information you have previously provided to us that could affect our dealings with you;
- (d) your use of our Platform is not for any Improper Use;
- (e) if you are an individual, you are at least 18 years old;
- (f) if you are a body corporate or unincorporated association, you are validly existing in accordance with Applicable Law and have obtained all necessary consents and authorisations under your constitutional or organisational documents;
- (g) except where we have agreed otherwise in writing, you act on your own behalf and not as the agent or representative of any other person;
- (h) you are not located in, or a resident of, any jurisdiction where it may be unlawful to access the Platform or enter into Transactions, including the United States of America;
- (i) your Orders and/or Transactions are not for the purposes of or in connection with any placing, issue, distribution, offer, take-over, merger or other similar corporate finance type transaction;
- (j) you are not connected with the issuer of any underlying asset of a Product in respect of which you have placed an Order or Transaction, including as a director, employee, agent, contractor or professional adviser of such issuer;
- (k) you fully own all money you may transfer to us in accordance with the Agreement, and no other person has any interest in such money; and
- (l) you have a suitable device and adequate internet connectivity to enable you to access your Account through the Platform and the e-mail account that corresponds to your e-mail address.
- (m) that you are a non-professional investor for the purposes of your data usage with us. In order to qualify as a non-professional investor, all of the following conditions must be met:
 - (i) you do not access our information in the course of your employment or in connection with any form of trade or business, or otherwise access or use our information for a purpose other than personal use;
 - (ii) you are not registered with any securities agency, regulatory or self-regulatory body for the purposes of the Agreement;
 - (iii) you do not engage in a financial service business or are employed as a financial adviser for the purposes of the Agreement; and
 - (iv) you do not engage in the business of accessing or aggregating our information and redistributing or otherwise furnishing that information to any third parties.

14.2 Assignment

You may not assign any of your rights or obligations under the Agreement to any Person without our prior written consent. You may not give a charge over any rights to deposits held by us. We may assign our rights or delegate any of our obligations under the Agreement and any Transactions to any Person on giving not less than one month's notice to you.

14.3 Customers may be treated differently

We may, in our discretion, treat Customers differently in situations including but not limited to where we quote Prices and apply fees and costs.

14.4 Sharing of Spread and other amounts

CMC Markets may profit from the Spread, the application of Transaction Holding Costs and other charges on Transactions. In addition, we may share the Spread, Transaction Holding Costs and other charges or benefits with our Associates or other third parties or receive remuneration from them in respect of CFDs. We may also share such amounts with Introducing Advisers and referrers for the introduction or referral of Customers to CMC Markets. Details of such remuneration or sharing will be disclosed according to any Applicable Laws.

For information about how CMC Markets' employees and directors are paid, please refer to our FSG.

14.5 Debts

Where you have opened more than one Account with us, we will treat your Accounts as aggregated for the purposes of satisfying your obligations to us to pay to us any debit balances you may owe. This means any credit balance, including money deposited as Margin, on one Account may be used to discharge any of debit balances in respect of another Account.

Please note that CMC Markets does not aggregate Accounts for the purpose of calculating your Margin Requirements or Close-Out Level.

Without limiting our other rights under the Agreement any amount payable by us (or any of our Associates) to you will, at our election and without prior notice to you, be Set-Off against any other amounts ('Other Amounts') payable by you (or any of our Associates) to us (whether or not arising under a CFD, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly.

14.6 Indemnity and liability

You must indemnify us on demand and keep us indemnified against all losses, taxes, expenses, costs and liabilities whatsoever (present, future, contingent or otherwise and including reasonable legal fees) which may be suffered or incurred by us as a result of or in connection with:

- (a) your breach of any of the terms of the Agreement;
- (b) CMC Markets entering into any Transaction with you;
- (c) CMC Markets exercising its rights following the happening of a Specified Event; or
- (d) your giving of any representation or warranty that is incorrect or untrue,

unless and to the extent only that such losses, taxes, expenses, costs and liabilities are suffered or incurred as a result of CMC Markets' negligence, fraud or dishonesty.

This indemnity will survive termination of your Agreement with us.

Importantly, we will not be liable for:

- (e) any direct or indirect loss, expense, cost or liability suffered or incurred by you as a result of or in connection with the provision of Products and/or Services by one of our employees unless such loss, expense, cost or liability is suffered or incurred as a result of the employee's negligence, fraud or dishonesty;
- (f) any loss suffered or incurred by you as a result of any error in any order or instruction which is, or appears to be, from you or any Person authorised by you to give instructions to us; or
- (g) any direct or indirect loss, expense, cost or liability suffered or incurred as a result of your use of or our Platform or any loss, expense, cost or liability which is caused by delay.

14.7 Limitation of liability in respect of our Platform

CMC Markets does not accept any liability in respect of the operation of our Platform, whether for any breach of a provision of any relevant legislation, negligence, injury, death, lost profits, loss of files, data or use, economic loss, loss of reputation or losses or damages incidental or consequential to the operation of our Platform, except to the extent that it is caused by the negligence, fraud or dishonesty on the part of CMC Markets or its employees, agents or representatives.

All warranties as to the description, quality, performance or fitness for the purposes of the Customer of the Platform or any component of any such Platform are disclaimed and excluded. Liability for a breach of a condition or warranty in respect of the Products or Services, express or implied, and which cannot be excluded, is limited to the maximum extent permitted by law (at CMC Markets' option) to resupplying the Products or Services or to the cost of resupplying the Products or Services.

14.8 Authorised Persons

It may be possible for a third party to place orders on your behalf provided a written power of attorney, authorised agent (Authorised Person) form or an authority to operate form has been received and accepted by us.

We are entitled to act on the written or oral instructions of any Authorised Person or any Person who appears to us to be an Authorised Person, notwithstanding that the Person is not, in fact, so authorised. In particular, we are entitled to act on any orders or instructions transmitted using your Account Sign In Details.

You agree to indemnify us against all losses which we may suffer as a result of any error in any order or instruction given by an Authorised Person or our acting on any order or instruction which is, or appears to be, from an Authorised Person.

14.9 Joint Accounts

If you are a joint Account holder:

- (a) the liabilities of each Person under the joint Account will be joint and several;
- (b) we may act on instructions received from any one Person under the joint Account who is, or appears to us to be, such a person, whether or not such a Person is an Authorised Person;
- (c) any notice or other communication given by us to one Person under the joint Account will be deemed to have been given to all Persons under the joint Account; and
- (d) our rights under default will apply if a Specified Event has been deemed to have occurred in respect of any one of such Persons.

14.10 Outsourcing

We may use external service providers in relation to any of our operations in accordance with Applicable Law, who may include Associates or other third parties.

14.11 Rights and remedies

Our rights and remedies contained in the Agreement are cumulative and not exclusive of any rights or remedies provided by law.

Nothing in this PDS is intended to confer on any Person other than you or CMC Markets any right to enforce any term of the Agreement.

No delay, waiver or omission on our part in exercising any right, power or remedy provided by law or under the Agreement, or partial or defective exercise thereof, will impair or prevent further or other exercise of such right, power or remedy, or operate as a waiver of such right, power or remedy.

If we agree to waive a term of your Agreement, this will not be construed as waiver of a future breach of the same term, unless agreed by us in writing.

14.12 Notices

Subject to other sections of this PDS, any notice or other communication given or made under or in connection with the matters contemplated by this PDS will, except where oral communication is expressly provided for, be in writing and will be sent to you/us.

Any such notice will be deemed to have been received:

- (a) if delivered personally or by hand, at the time of delivery;
- (b) if posted, within three Business Days of posting;
- (c) if posted on our website, immediately at the time the information is made available;
- (d) if verbal, whether by phone or face to face, when actually given;
- (e) if by leaving a message on an answering machine or voicemail, one hour after the message was left;
- (f) if sent by facsimile, one hour after completion of its transmission; and
- (g) if sent by email, one hour after sending.

You may alter the address (including the email address) to which we send communications to you by giving us written notice. However, such alteration will only be effective on the later of the date specified in the notice and the time it was deemed to be received under this section.

In this PDS, where we refer to communication with you in writing, it includes notice sent by email to the last email address notified by you to us and notification on the Platform.

You agree and acknowledge that you are solely responsible for ensuring we have your current address, phone number and email address.

14.13 Changes to this PDS

We may amend this PDS at any time by written notice to you. Any amendments to this PDS can be found on our website. If amendments are materially adverse to you, we will issue a supplementary or replacement PDS.

14.14 Superannuation funds and CFDs

Complying superannuation funds must seek advice from your financial or legal adviser to ensure the superannuation fund is authorised to trade in CFDs.

14.15 Jurisdiction

The law governing all dealings with us is the law of New South Wales, Australia.

14.16 Foreign jurisdiction

The distribution of this PDS (and any related documents) in jurisdictions outside Australia may be restricted by law and therefore Persons into whose possession this PDS (and any related documents) comes should seek advice on and observe any such restrictions. Failure to comply with relevant legislation may violate those laws. This PDS does not constitute an offer or invitation in relation to a CFD in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

14.17 Illegality

If at any time any term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining terms of this Agreement under the law of that jurisdiction nor under the law of any other jurisdiction will be in any way affected.

14.18 Communication

The mere transmission of an Order or instruction by you does not give rise to a binding contract between CMC Markets and you. Any Order made by you is subject to CMC Markets accepting your Order and such Order having been recorded as accepted and confirmed to you by CMC Markets.

You will be responsible for all internet Orders and internet instructions, and for the accuracy of all other Orders.

14.19 Legal and regulatory requirements

Despite any term of the Agreement in providing our services, we will be entitled to take any action we consider necessary in our discretion to ensure compliance with the law. By trading in CFDs, you agree to strictly comply with all Applicable Laws. If we reasonably consider you have not done so, we may terminate any Transaction with you immediately or withhold payment of any amount to you without notice.

14.20 Labour standards and environmental, social and ethical considerations

We do not take labour standards, or environmental, social or ethical considerations into account when offering CFDs.

14.21 Privacy Statement

We will require you to provide personal information in the course of transacting with us. CMC Markets collects, maintains, uses and discloses personal information in the manner described in our Privacy Statement. Our Privacy Statement is available on our website or by calling our Customer Management Team (see contact details in section 1.2 of this PDS).

14.22 Interpretation

The definitions contained in the Glossary in section 15 apply to this PDS unless the context otherwise requires. In this PDS, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) where a word or phrase has a defined meaning any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;

- (c) headings are inserted for convenience only and do not affect the interpretation of this PDS;
- (d) a reference to any party includes a reference to that party's executors, administrators, successors, substitutes and permitted assigns and any person taking by way of novation;
- (e) a reference to any thing (including any amount) is a reference to the whole or any part of it and a reference to a group of persons is a reference to any one or more of them;
- (f) a reference to the words 'including', 'for example' or 'such as' when introducing an example, does not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (g) a reference to 'trading' in CFDs describes any activity that involves entering into a CFD by 'opening' a Transaction, altering a Transaction or terminating a CFD by 'closing' a Transaction. We have used phrases such as 'trading in CFDs' and 'trade in CFDs' for simplicity's sake to refer to any opening, establishment, alteration to, and closing of, a CFD;
- (h) if a Confirmation and any other document forming part of the Agreement are inconsistent, the Confirmation will prevail to the extent of that inconsistency;
- (i) the parties agree that the various documents comprising the Agreement constitute one single agreement between the parties. Each transaction contemplated by the various documents comprising the Agreement is entered into (as applicable) in reliance on the fact that each of the documents comprising the Agreement relating to those transactions form a single agreement between the parties, and the parties would not otherwise enter into any transaction contemplated by them; and
- (j) unless otherwise provided for in any document comprising the Agreement, if the day on which or by which a party must do something under the Agreement is not a Business Day, the parties agree that the party may do it on or by the next Business Day.

15 Glossary

This Glossary is to be read in conjunction with this PDS.

Account

Your account on our Platform which you use to trade CFDs.

Account Close-Out

The process described in section 6.5 of this PDS, in which the Platform may close all of your Transactions.

Account Currency

The currency in which your Account is denominated. For Australian Customers, your Account Currency will be in Australian Dollars.

Account History

The history of Orders, Transactions and other adjustments to your Account available on the Platform.

Account Sign In Details

The email address and password you use to login to your Account on the Platform.

Account Value

The Amount that is calculated as follows: Cash plus your Total Margin Requirement plus your Net Unrealised Profit or Loss.

Adjustment Event

In respect of an Index CFD, any change to the index or the announcement of a successor index.

Agreement

The various documents setting out the terms on which CMC Markets will provide Products and Services to you, including the PDS, the FSG, the CMC Markets Rates Schedule, the Product Library, CMC Markets Privacy Statement, any Confirmations and any additional terms and conditions issued by CMC Markets in connection with the Products and/or Services.

Amount

An amount of money in the Account Currency.

Applicable Laws

- (a) Applicable provisions of laws and regulations including all relevant rules of government agencies, exchanges, trade and clearing associations and self-regulatory organisations, that apply to You and CMC Markets, this Agreement and the transactions contemplated by this Agreement;
- (b) Applicable laws, procedures, standards and codes of practice that apply in relation to You and CMC Markets, this Agreement and the transactions contemplated by this Agreement, including the Corporations Act, the Australian Securities and Investments Commission Act 2001 (Cth), ASIC Policy, the Privacy Act 1988 (Cth) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth); and
- (c) Applicable rules, regulations, customs and practices from time to time of any exchange, licensed financial market, clearing house, licensed clearing and settlement facility, or other organisation or market involved in the conclusion, execution or settlement of a transaction or CFD and any exercise by any such exchange, clearing house or other organisation or market of any power or authority conferred on it.

Application Form

The Application Form and Account opening documentation completed by you and submitted to CMC Markets whether electronically or in hard copy.

ASIC

Australian Securities & Investments Commission or any regulatory body which replaces it or performs its functions.

Associate

- A Person who is an officer, employee, agent, representative or Associate of a party;
- a 'related body corporate' (as defined in the Corporations Act) of a party such as an Introducing Adviser; or
- a Person who is an officer, employee, agent, representative or Associate of a related body corporate of a party.

ASX

ASX Limited operating as Australian Securities Exchange.

ATO

The Australian Tax Office.

Attributes

The various limitations and restrictions that apply to Orders and Transactions in respect of each Product, including the Maximum Financing Rate, Maximum Transaction Size, Trading Hours, and permitted Transaction direction, which we may amend from time to time in accordance with sections 11.2.2 ("Amendments to Maximum Financing Percentage") 11.2.3 ("Amendments to Prices, Variable Rates and Attributes")

AUD, A\$ and \$

Australian dollars, unless specified otherwise in this PDS.

Australian Client Money Rules

The provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client money and property.

Australian Financial Services Licence

Licence required by CMC Markets to trade and make a market in financial products.

Authorised Person

A Person authorised by CMC Markets, at your request, to give instructions to CMC Markets on your behalf in the following circumstances:

- where you are a body corporate, incorporated association, a director or employee;
- where you are a partnership, a partner in, or employee of, the partner; or
- a Person authorised under a limited power of attorney or authority to operate which CMC Markets accepts (at its discretion) in the form specified by CMC Markets from time to time.

Borrowing Rate

With respect to a Product to which a Transaction Borrowing Cost applies, the rate at which CMC Markets provides financing for the Unfunded Portion of a Transaction and is calculated with reference to the Relevant Interest Rate plus a percentage as detailed in the FSG.

Boundary

In respect of any Market Order or Stop Entry Order, the price level specified by you when placing the Order which would result in the Order being automatically cancelled by the Platform if the Price of the relevant Product at the time the Order would otherwise be executed is:

- (i) in the case of an Order to buy, greater than the price level specified by you; or
- (ii) in the case of an Order to sell, less than the price level specified by you.

Business Day

A day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, New South Wales, Australia.

Buy Price

The Price at which a buy Transaction is entered into and at which a sell Transaction is valued and closed.

Calendar Day

Each day of the year ending at 5pm New York time.

Carrying Rate Buy

With respect to a Product to which a Transaction Borrowing Cost applies, the rate that is applied to the Opening Transaction Value of buy Transactions that are held at the end of each Calendar Day.

Carrying Rate Sell

With respect to a Product to which a Transaction Borrowing Cost applies, the rate that is applied to the Opening Transaction Value of sell Transactions that are held at the end of each Calendar Day.

Cash

An Amount calculated in accordance with section 2.14 ("What is your Cash?") of this PDS.

CFDs

Contracts for difference that CMC Markets offers to its Customers through the Platform from time to time under the Agreement.

Circumstance Outside Our Control

Has the meaning set out in section 11.7 of this PDS.

Cleared Funds

Funds that have been deposited with CMC Markets (and which are immediately available to CMC Markets) and have been applied to your Account.

Close-Out Level

The level calculated in accordance with section 6.5.1 of this PDS, at which the Platform may close all of your Transactions.

CMC Currency Conversion Rate

The relevant currency exchange rate at which values in a Product Currency will be converted into your Account Currency.

CMC Markets

CMC Markets Asia Pacific Pty Ltd ABN 11 100 058 213.

CMC Markets Group

CMC Markets Plc (Registered number 05145017) and its associated entities.

CMC Markets Privacy Statement

The Privacy Statement explains how the CMC Markets Group collects, maintains, uses and discloses your personal information. The CMC Markets Privacy Statement can be found at cmcmarkets.com.au.

CMC Markets Rates Schedule

CMC Markets Rates Schedule includes information such as overnight financing rates and is available on our website.

CMC Tracker

The name of the Platform through which CFDs can be traded.

Commodity CFD

A CFD where the Underlying Reference Instrument is a future that is traded over natural products extracted either by the mining industry or in agriculture.

Company CFD

A CFD where the Underlying Reference Instrument is a security of a company.

Complaints Officer

Our internal complaints officer, as described in section 12. All complaints should be marked to the attention of the Complaints Officer and sent to us using the contact details in section 1.2.

Confirmation

A form of notification, which will be provided through the Platform. We will not send you any confirmations of Orders or Transactions by any other means, including by post or e-mail.

Corporate Action

Any foreseeable action taken by or in relation to an asset which is a Product, or by the issuer of such asset, which would have an effect on the value, legal characteristics or ability to trade that asset, including: distributions to holders of rights in the asset, such as dividend payments; placings, rights issues, bonus/scrip issues and capitalisation issues; mergers or takeovers relating to the issuer of the asset; and splits, reductions, consolidations, reclassifications,

restructuring or cancellation of listing of the asset.

Corporations Act

Corporations Act 2001 (Cth).

Currency CFD

A CFD where the Underlying Reference Instrument is a pair of currencies and the exchange rate between them.

Current Transaction Price

In respect of a Transaction, at any time, the Price at which the Transaction may be closed.

Current Transaction Value

In respect of a Transaction, at any time, the current value of the Transaction calculated in accordance with section 2.17.

Customer

A customer of CMC Markets.

Customer Management Team

The CMC Markets team who answers customer queries. The Customer Management Team can be contacted by calling 1300 660 262 (only in Australia).

Deduction

Any money due to us under the Agreement, or required to be deducted by an Applicable Law (including for tax purposes).

Error

Material errors, mistakes and omissions that are, or should be reasonably obvious to you in your capacity as our Customer. Please see section 2.18 of this PDS for more information.

Financing Percentage

With respect to a Transaction, the percentage of the Opening Transaction Value that is financed by us, as chosen by you.

FOS

The Financial Ombudsman Service.

FSG

CMC Markets' Financial Services Guide for CFDs issued under this PDS, including any supplementary or replacement Financial Services Guide.

Fully Funded Transaction

Any buy Transaction that has a Financing Percentage of 0%.

Funded Portion

Has the meaning set out in section 5.2.2 ("Transaction Borrowing Cost").

Gapping

The exposure to loss from failure of market prices or rates to follow a 'smooth' or continuous path due to external factors such as world, political, economic and specific corporate events.

GST

Goods and Services Tax.

Hedge/Hedged/Hedging

An investment made in order to reduce the risk of adverse price movements in a financial instrument, by taking an offsetting position in a related financial instrument.

Improper Use

Any use of the Platform or activity in relation to a Transaction that amounts to:

- (i) an unlawful act or a breach of Applicable Law, whether directly or indirectly;
- (ii) a breach of the Agreement;
- (iii) a failure to observe reasonable commercial standards of fair dealing; or
- (iv) dishonesty or malice.

Examples of Improper Use include:

- (i) acts that amount to insider trading, making misleading statements, market manipulation, market abuse, money laundering, terrorist financing or fraud;
- (ii) using any device, hardware, software, algorithm, strategy, collusion or deception, the use of which is intended, whether directly or indirectly, to cause or influence us to provide the Platform or accept any Order or Transaction in a way in which or on terms on which we would not otherwise do so;
- (iii) using the Platform and Prices other than for the purposes of entering into Transactions with us; or
- (iv) opening, accessing, using or controlling more than one Account without our knowledge.

Index CFD

A CFD where the Underlying Reference Instrument relates to a share index future.

Initial Close-Out

The initial closing of Transactions by the Platform during an Account Close-Out, as described in section 6.5.1.

Introducing Adviser

Any intermediary who offers a financial service to enable you to trade with CMC Markets.

Leveraged Transaction

Any buy Transaction with a Financing Percentage of greater than 0% or any sell Transaction, regardless of the Financing Percentage.

Limit Order

An order to buy or sell a specified amount of a Product at a specified price in accordance with relevant conditions as set out in section 4.2.

Margin

The value of your funds which you allocate towards Transactions you open and may continue to hold, on the Platform

Margin Requirement

Is the amount of funds required to be allocated as Margin to open and maintain a Transaction. Your Margin Requirement will be calculated in accordance with section 6.1.

Market Order

An order placed to buy or sell a CFD in accordance with relevant conditions as set out in section 4.2.

Maximum Financing Percentage

With respect to a Product, the rate specified as the maximum available Financing Percentage rate in the Product Library.

Maximum Transaction Size

In respect of a Product is the maximum Units you may buy or sell in a single Transaction.

Minimum Margin Requirement

In respect of a Transaction is the amount of funds that would be required for Margin for the Transaction if the Maximum Financing Percentage was selected.

National Guarantee Fund (NGF)

The National Guarantee Fund administered by the ASX.

Net Unrealised Loss

An Amount that is the aggregate of Unrealised Profit Or Loss for all Transactions on your Account and which would be payable by you to us if those Transactions were closed at that time

Net Unrealised Profit

An Amount that is the aggregate of Unrealised Profit Or Loss for all Transactions on your Account and which would be payable by us to you if those Transactions were closed at that time

Net Unrealised Profit Or Loss

An Amount that is the aggregate of Unrealised Profit Or Loss for all Transactions on your Account, which will be a negative figure in the event of a Net Unrealised Loss, and a positive figure in the event of a Net Unrealised Profit. May be displayed on the Platform as "Profit" or "Loss"

Open Order

An Order with a Target Price that has not been executed since that Target Price was specified.

Opening Transaction Price

In respect of a Transaction, the Price at which such Transaction was entered into, in accordance with section 2.6 ("Prices").

Opening Transaction Value

The value of a Transaction at the time the Transaction is entered into calculated in accordance with section 6.2 ("Your Margin Requirement").

Order

An offer submitted by you or on your behalf through the Platform to enter into or to close a Transaction.

Order Execution Policy

The policy under which we execute orders set out in section 4 ("Order Execution Policy")

OTC

Over the counter. OTC products are not traded on an exchange but are negotiated between two parties. Please see section 10.5 for further information.

Other Amount

Has the meaning given to this term in section 14.5 ("Debts").

PDS

Product Disclosure Statement.

Person

Reference to a Person includes body corporate, unincorporated associations, partnerships and individuals.

Platform

The CMC Tracker electronic investment platform.

Position Limit

The maximum Units or Amount that can be held, that CMC Markets may impose under this Agreement.

Price

The Buy Price or Sell Price of a Product, which is generated by the Platform from time to time.

Privacy Statement

The Privacy Statement of CMC Markets, which explains how we collect personal information and maintain, use and disclose that information. It also includes some information about your rights.

Product

An instrument generated by us upon which you enter into Transactions. Details of the various Products on which we may accept Orders are listed in the Product Library from time to time.

Product Currency

The currency in which a particular Product is denominated.

Product Library

The section of the Platform and the CMC Markets website that contains the list of Products and key information in relation to each Product, including their Attributes.

Realised Loss

With respect to a Transaction for which the Unrealised Profit Or Loss is a negative Amount at the time at which such Transaction is closed, such Amount.

Realised Profit

With respect to a Transaction for which the Unrealised Profit Or Loss is a positive Amount at the time at which such Transaction is closed, such Amount.

Relevant Interest Rate

The interest rate calculated with reference to the interbank overnight cash borrowing rate applicable to the currency that a Product is valued in.

Sell Price

The price at which a sell Transaction is entered into and at which a buy Transaction is valued and closed.

Services

The services to be provided by CMC Markets under the Agreement.

Set-Off

Has the meaning set out in section 8.6 ("Our right of Set-Off between your Accounts and obligations").

Specified Event

An event as set out in section 11.4.

Spread

The difference between the Buy Price and the Sell prices of a CFD.

Stop Distance

In respect of a Transaction to which a Trailing Stop Loss Order is attached, the distance, as specified by you, between the most favourable Price in respect of that Transaction and the Target Price, as modified by the Platform.

Stop Entry Order

An order to buy or sell a specified amount of a Product at a specified price in accordance with the relevant conditions as set out in section 4.2.

Stop Loss Order

An instruction to place an Order in accordance with the relevant conditions set out in section 4.2 ("How the Platform handles the different types of Orders").

Subsequent Close-Out

Any closing of Transaction by the Platform during an Account Close-Out that is subsequent to the Initial Close-Out for that Account Close-Out, as described in section 6.5.1.

Take Profit Order

An instruction to place an Order in accordance with the relevant conditions set out in section 4.2 ("How the Platform handles the different types of Orders").

Target Price

The Price at which you wish to enter into or close a Transaction (as appropriate) as specified in a Stop Loss Order, Trailing Stop Loss Order, Limit Order or Take Profit Order.

Total Margin Requirement

Is the sum of your Margin Requirements for all open Transactions on your Account. May be displayed on the Platform as "Margin".

Total Minimum Margin Requirement

Is the sum of all the Minimum Margin Requirements in respect of Leveraged Transactions on your Account.

Trading Hours

In respect of a Product, the times during which the Platform generates Prices and during which you may place Orders for Transactions on that Product, as specified in the Product Library from time to time.

Trailing Stop Loss Order

An instruction to place an Order in accordance with the relevant conditions set out in section 4.2 ("How the Platform handles the different types of Orders").

Transaction

A CFD entered into between you and us through the Platform.

Transaction Based Stop Loss

The function on the Platform that sets a Stop Loss Order for each Transaction.

Transaction Borrowing Cost

The Amount calculated in accordance with section 5.2.2.

Transaction Carrying Cost

The Amount calculated in accordance with section 5.2.3.

Transaction Holding Costs

The Amount calculated in accordance with section 5.2.

Treasury CFD

A CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Reference Instrument, which relates to a traded government debt instrument.

Underlying Instrument Entity

An entity that is the issuer of an Underlying Reference Instrument

Underlying Market

The Underlying Market in which the Underlying Reference Instrument is traded.

Underlying Reference Instrument

The asset, security, commodity, futures contract, index or sector, with reference to which the value of a CFD is determined.

Unfunded Portion

Has the meaning set out in section 5.2.2 ("Transaction Borrowing Cost").

Units

The number of CFDs that are the subject of a Transaction.

Unrealised Profit Or Loss

The Amount calculated in accordance with section 2.17 ("Unrealised Profit Or Loss").

Variable Rates

In respect of a Product, certain rates that vary automatically from time to time without notice being given to you, and which apply to Transactions entered into on that Product, that is, the Relevant Interest Rate, the CMC Currency Conversion Rate, the Carrying Rate Buy and the Carrying Rate Sell.

We, us or our

References to 'we', 'us' or 'our' should be treated as references to CMC Markets Asia Pacific Pty Ltd.

You

References to 'you' and 'your' should be treated as references to the Customer (or his or her representative, where applicable).

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