

PRODUCT DISCLOSURE STATEMENT

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1. IMPORTANT INFORMATION

1.1 About this PDS

This Product Disclosure Statement (**PDS**) was prepared by Saxo Capital Markets (Australia) Pty Ltd (ABN 32 110 128 286, AFSL 280 372) (**SCM**), as the issuer of the over-the-counter (**OTC**) contracts for difference (**CFDs**), FX contracts and Metals Contracts (together, the **SCM Products**) offered under this PDS.

This PDS is for the information of clients contracted directly with SCM only. This PDS is not for the information of any other client contracted with any other AFS Licence holder, including those AFS Licence holders that are a white label client of SCM (from time to time).

This PDS is designed to help you decide whether the SCM Products described in this PDS are appropriate for you. You may also use this PDS to compare the SCM products with similar financial products offered by other issuers.

This PDS describes the key features of our SCM Products, their benefits, risks, the costs, fees and charges for trading in the SCM Products and other related information. The SCM Products are sophisticated financial products, so you should read this PDS, the FSG and the General Business Terms in full before making any decision to trade in them.

The schedules to this PDS provide more detailed information on each of the SCM Products. Please read them carefully before making any decision to trade in them.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 16).

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

1.2 How to contact SCM

Saxo Capital Markets (Australia) Pty Ltd	
Registered office and business address	Level 25, 2 Park Street NSW 2000 Sydney Australia
Phone	+61 2 8267 9000
Email	ps@saxomarkets.com.au
Website	www.home.saxo/en-au

1.3 Changes to information in this PDS

SCM may amend this PDS from time to time without notice where the amendments would not materially adversely impact clients. We may provide updated information on our Website as and when applicable.

A copy of the updated information is also available upon request free of charge. If we issue a supplementary or new PDS, we will notify you by posting the supplementary PDS or new PDS on our website or by way of emailing you at our discretion.

This PDS and any new or supplementary PDS are available in electronic form from our website at www.home.saxo/en-au (**SCM Website** or **Website**) or by calling us to obtain it in paper form.

1.4 Availability of SCM Products

The SCM Products offered under this PDS are available to persons receiving this PDS in Australia.

This distribution of this PDS in jurisdictions outside of Australia may be subject to legal restrictions. Any person who resides outside of Australia who gains access to this PDS should comply with any such restrictions that apply to them in relation to applications for the SCM Products and SCM Services and failure to do so may constitute a violation of financial services laws. The offer to which PDS relates is not available to USA residents.

1.5 About Us, our Products and Services

SCM is licensed by the Australian Securities and Investments Commission (ASIC) and is part of the Saxo Group. SCM is a wholly owned subsidiary of Saxo Bank, and Saxo Bank is a fully licensed European bank under the supervision of Danish FSA, who is specialising in online trading and investment across the international financial markets.

1.6 Opening Hours

Local Opening Hours:

Monday to Friday – 8am to 5.30pm AEST

After Hours:

Outside the local opening hours (as described above), but at all times when the markets that the SCM Products and SCM Services accesses are open, calls will be forwarded from our local number to a Saxo Group Office.

1.7 SCM does not give personal advice

SCM will not give you any personal financial product advice about any SCM Products. This PDS does not constitute a recommendation or opinion that any of the SCM Products are appropriate for you.

The information in the PDS is general information only and does not consider your personal objectives, financial situation and/or needs. If you require any financial advice, you should contact a suitably qualified financial adviser.

1.8 Risk and Potential Liability

PLEASE READ THE SUMMARY OF KEY INFORMATION IN SECTION 2 AND THE SIGNIFICANT RISK IN SECTION 5 AND THE RELEVANT SCHEDULE(S) FOR IMPORTANT INFORMATION ABOUT THE RISKS OF TRADING IN THE SCM PRODUCTS.

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

Your potential liability is not limited to the amount of Initial Margin that you hold with SCM. You should carefully consider the risks of the SCM Products and your capacity to meet your liabilities before trading in the SCM Products.

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

1.9 ASIC – Regulatory Benchmark Disclosure

ASIC has released a Regulatory Guide 227 (Guide) on ASIC's website www.asic.gov.au. The Guide provides information about the operation and risk of trading CFDs and is relevant to the SCM Products. The below table sets out the benchmarks that SCM meets or if not, why not, and further where you will be able to locate relevant disclosure for each benchmark.

Benchmark Disclosure	Meet Benchmark?	If not, why not OR related Section
Client Qualification Addresses the issuer's policy on investors' qualification for CFD trading.	Yes, except in limited circumstances.	SCM assesses client's qualifications when they apply to open an account with SCM. Refer to Section 6.3.
Opening Collateral Addresses the issuer's policy on the types of assets accepted from investors as opening collateral.	No	Credit card payments in the amount greater than \$1000 can be accepted as initial funding in order to provide flexible payment options to clients. Refer to Section 7.2.
Counterparty risk – Hedging Addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging.	Yes	SCM has in place hedging strategies with Hedging Counterparties that have been assessed as being of strong financial standing. Refer to Section 4.1.
Counterparty risk – Financial Resources Addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements.	Yes	SCM has in place policies to manage financial resources risks and to ensure that it maintains adequate financial resources to provide financial services in accordance with its AFSL. Refer to Section 4.2.
Client Money Addresses the issuer's policy on its use of client money.	Yes	SCM holds clients' money in a pooled "segregated" trust account which is kept separate from SCM's own money and assets. Refer to Section 11.
Suspended or Halted underlying assets Addresses the issuer's practices in relation to investor trading when trading in the underlying asset is suspended or halted.	Yes	SCM does not allow new transactions to be opened when the underlying asset is halted or suspended. Refer to Section 8.3.
Margin Calls Addresses the issuer's practices in the event of client accounts entering into Margin Call.	Yes	SCM maintains and applies published policies in relation to our margin call practices and our discretion relating to close-outs. Refer to Section 10.

2. SUMMARY OF KEY INFORMATION

This table is a summary of the key information in this PDS. It identifies some key questions that are answered in this PDS and provides cross-references to the relevant sections of the PDS where more detailed information can be obtained. However, reading this table is not a substitute for reading the PDS and our General Business Terms in their entirety.

Question	Answer	PDS Cross-Reference
Who is the issuer of this PDS?	<p>The issuer of this PDS is SCM.</p> <p>SCM is a wholly-owned subsidiary of Saxo Bank, the online trading and investment specialist headquartered in Copenhagen, Denmark. SCM offers the SCM Products and the SCM Services to Clients based in Australia.</p>	
What is a Contract for Difference (CFD)?	A CFD is a contract between the parties to pay in cash the difference in the price or value of the Underlying Instrument agreement between the time at which the contract is entered into ("opened") and the time at which it is exited ("closed").	See Section 3.4 and Schedule 1 for more information.
What are FX Contracts and Metals Contracts?	FX Contracts and Metals Contracts are margin products which derive their prices from the real time changes in the price of the underlying instrument in the spot market.	See Section 3.10 and Schedule 3 for more information.
What is Leverage?	<p>Leverage refers to the use of a small amount of cash to support an investment of a larger exposure.</p> <p>Leverage allows you to take a larger exposure than you would otherwise have been able to. All payments to SCM are paid as Margin (or for the relevant fees and charges). The more Margin you hold, the less Leverage.</p> <p>By using Leverage investors may amplify both their losses and their profits.</p>	See Section 3.2, Section 3.3 and Section 5 for more information.
How do I open and close positions?	<p>A position in an SCM Product is opened by buying an SCM Product, corresponding with either buying (going Long) or selling (going Short) the Underlying Instrument.</p> <p>To Close Out a position in an SCM Product, you enter into a new equal and opposite position to your open position.</p> <p>You can open or close a position in an SCM Product via our Trading Platform.</p>	See Section 8.4 for more information.
What are the costs, fees and charges involved with the SCM Products?	<p>Costs, fees and charges may include:</p> <ul style="list-style-type: none"> • Transaction Fees; • currency conversion calculation fees; • Exchange access fees; • administration fees. 	See Section 12 for more information.
How are the SCM Products priced?	<p>SCM has two pricing models for the SCM Products:</p> <ul style="list-style-type: none"> • Direct Market Access (DMA); and <i>*Not all SCM Products are eligible for DMA pricing</i> • Non Direct Market Access (Non DMA), or "market maker" model. Under the Non DMA model the prices of the SCM Products traded with us are determined by SCM, generally based on the prices of the Underlying Instrument to which the relevant SCM Product relates. <p>Quotes for prices for dealing in the SCM Products are indicative only and so are subject to the actual price at the time of execution of your Transaction.</p>	See Section 8 for more information.

What are the key risks involved in the SCM Products?	<p>As with all Leveraged investments, trading in the SCM Products can be risky and is not appropriate for everyone. There are a number of types of risk that you should be aware of before beginning to trade, including the possibility of losing more money than you invest. Some of these key risks include:</p> <ul style="list-style-type: none"> • Client money risk; • Counterparty risk: <ul style="list-style-type: none"> • Arising in relation to SCM's hedging activities in hedging its exposure to Clients; and • in relation to SCM's ability to maintain adequate financial resources); • Leverage risk; • loss of your money; • Margin risk; • foreign exchange risk; • or your Approved Collateral (if any); • market risk; and • unregulated market risk; and • market disruption risk. 	See Section 4 and Section 5 more information.
What is a Long position and a Short position?	If you take a Long position, you profit from a rise in the Underlying Instrument, and you lose if the price of the Underlying Instrument falls. If you take a Short position, you profit from a fall in the price or level of the Underlying Instrument and lose if the Underlying Instrument price or level rises. Some derivatives (ex. Put Options) may change value in opposite directions to changes in the value of the Underlying Instrument, and are influenced by time and other market data.	See Section 3.5, Section 8.4 and Section 8.7 for more information.
What is Margin Requirement?	Each Client is required to provide a minimum amount of Margin (Margin Requirement), before being issued an SCM Product. The minimum Margin Requirement is determined by SCM based on a number of factors, including the market price of the Underlying Instrument, the Margin required to hedge the Underlying Instrument, the Margin which SCM is required to pay its Hedge Counterparty and SCM's risk assessment of the Client, and any unrealised loss on the Client's Trading Account at any point in time.	See Section 10 for more information.
What is a Margin Call and what is a Margin Close Out?	After opening an SCM Product, if the market in the Underlying Instrument goes against you and you have insufficient Margin Cover, meaning that the Margin in your Account falls below your Margin Requirement. We may in our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your leveraged Open Positions with us, without notice to you. If you do not pay a required Margin Call, SCM reserves its right to apply cash, or liquidate or sell Approved Collateral, in your Account to meet your obligations under the Margin Call.	See Section 10 for more information.

How do I open an account with SCM?	<p>You need to establish your Account by completing SCM's Account application form, which is available on SCM's Website.</p> <p>Except as set out below, SCM will only accept your Account application if you satisfy SCM's Client qualification criteria, which involve a theory based assessment and satisfying SCM's suitability test.</p> <p>If you apply for a SCM product and SCM services through an agent and that agent satisfies SCM's Client qualification criteria, SCM may accept your account application.</p> <p>If SCM accepts your application, your Account will be established. Your Account covers all of the SCM Products and SCM Services which you apply for in your application form and which SCM agrees to provide to you.</p> <p>To make a payment into your account, you may make an electronic or telegraphic transfer or a credit card payment. We will also accept securities to be held as opening Margin Cover.</p>	See Section 6 for more information.
What are the tax consequences of trading in the SCM Products?	Trading in the SCM Products will have taxation implications for you, depending on your personal circumstances and we recommend that you obtain independent professional taxation advice on the taxation implications applicable to your personal facts and circumstances.	See Section 13 for more information.
How does SCM treat Client Money?	<p>SCM holds Client money in a pooled "segregated" Client trust account operated by HSBC Bank Australia (Segregated Client Account). The Segregated Client Account is kept separate from SCM's own money and assets.</p> <p>Although Client money is pooled together in the Segregated Client Account, SCM will not use money deposited by (and belonging to) one Client to meet the loss of another Client. Moreover, SCM does not use Clients' money in the Segregated Client Account for its own purposes, including to settle its own dealings with the Hedge Counterparty.</p>	See Section 11 for more information.
What happens when trading in Underlying Instruments is suspended or halted?	When there is a trading halt over the Underlying Instrument for an SCM Product, or trading in the Underlying Instrument for that SCM Product has otherwise been suspended, SCM will not permit new positions to be opened in that SCM Product and may exercise other significant discretions that could affect you. Margin increases, overnight financing and holding fees can apply in many incidences.	See Section 8.3 for more information.

3. OUR PRODUCTS AND SERVICES

3.1 Overview

The SCM Products are OTC derivatives issued by SCM. Trading in the SCM Products allows you to make a profit or loss from changes in the market price or level of the relevant Underlying Instrument, without actually owning that Underlying Instrument or having any direct interest in the Underlying Instrument.

In simple terms, the amount of any profit or loss made on an SCM Product will be equal to the difference between the price of the SCM Product with reference to the price (or level, as

applicable) of the Underlying Instrument when the position in the SCM Product is opened and the price of the SCM Product with reference to the Underlying Instrument when the position in the SCM Product is closed, multiplied by the number of SCM Products held.

The calculation of profit or loss can also be affected by other payments and charges, including Transaction Fees, Finance Charges and any other charges (for more information, see Section 12).

The value can also be affected by fluctuations in foreign exchange movements if you effect a Transaction in an SCM Product denominated in a currency different from the denomination of your Trading Account currency.

Vanilla FX Options values can change due to time, other market data and exercise/expiry events.

Unlike direct investments made by trading on an Exchange, the SCM Products are not standardised. The terms of the SCM Products are as agreed between you and SCM and are governed by this PDS and our General Business Terms, which apply to your Account / Trading Account(s) and your Transactions.

The SCM Products do not give you any beneficial interest in the Underlying Instrument or any right to acquire the Underlying Instrument. You may have none of the rights of a direct holder of that Underlying Instrument. This is different from direct trading in the Underlying Instrument where you acquire a beneficial interest in the actual financial product.

3.2 Risks of the SCM Products

The key risks of trading SCM Products are:

- **Counterparty risks:** There is the risk that SCM, as issuer of the SCM Products (and therefore your counterparty to Transactions in the SCM Products), may default on its obligations to you under the SCM Products.
- **Leverage risk:** The SCM Products are Leveraged, because the amount you pay to SCM for the SCM Products is less than the full face value of the Underlying Instrument, and you may lose more than the amounts you pay SCM as Margin and the value of Approved Collateral held in your account.
- **Risk of unlimited loss:** Your potential losses on position in SCM Products may exceed the amounts you pay (as Margin) for the SCM Products or the amount we hold on trust for you in the Client Segregated Account.
- **Margin risk:** You must have sufficient Margin Cover at all times and be able to provide to SCM the amount of required Margin as and when required, otherwise we may in our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your leveraged Open Positions with us without notice to you.
- **Foreign exchange risk:** Foreign currency conversions required for your Account (can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to potentially adverse changes in the value of your Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of an SCM Product.
- **Online Trading Platform and IT risk:** If you are unable to access our Trading Platform for any reason, it may mean that you are unable to trade in a SCM Product when you wish to do so (including for Closing Out) or you might not be aware of the current Margin Requirements and so you may suffer loss as a result.

3.3 Benefits of the SCM Products

The key benefits of trading SCM Products are:

- They enable you to gain an exposure to an Underlying Instrument without having to buy or sell the Underlying Instrument.

- You can use them for speculation, with a view to profiting from market fluctuations in the Underlying Instrument. You may take a view of a particular Underlying Instrument.
- You can use the SCM Products to hedge your existing exposure to an Underlying Instrument.
- You can trade in the SCM Products with a view to profiting in both rising and falling markets
- The SCM Products involve a high degree of Leverage. The SCM Products potentially let you invest a relatively small amount (in the form of the Initial Margin) to have an exposure to the Underlying Instrument without having to pay the full price of the Underlying Instrument. This Leverage gives you the potential to take a greater level of risk for a smaller initial outlay, so this increases the potential risks and rewards.

HOWEVER, LEVERAGE CAN MAGNIFY LOSSES. FOR MORE INFORMATION ON THE RISKS OF LEVERAGE, SEE SECTION 5 – SIGNIFICANT RISKS AND, IN PARTICULAR, THE PARAGRAPH “LEVERAGE RISK”.

3.4 Contracts for Difference or CFD

A CFD is a contract between the parties to pay in cash the difference in the price or value of the Underlying Instrument between the time at which the contract is entered into (“opened”) and the time at which it is exited (“closed”).

SCM offers a range of CFDs. Our clients can deal in CFDs in respect of single stocks, ETFs & ETCs, stock index trackers in respect of leading exchanges, commodities, bonds and foreign exchange.

Trading in Share Index CFDs has the benefit of enabling you to follow a specific market trend rather than individual shares.

Trading in Commodity CFDs has the benefit of enabling you to follow the prices in a particular commodity, without having to buy the Underlying Commodity itself, which is often not available for individual investors to trade in.

Trading in FX CFDs has the benefit of enabling you to speculate on the rate of exchange, between one foreign currency (e.g. AUD) and another foreign currency (e.g. USD).

CFDs on Bonds enable clients to invest directly in debt markets with more favourable terms compared to those offered on the futures markets.

For more information on all of the types of CFDs SCM offers, please refer to the information available on the SCM Website or contact SCM. You may also understand more about the mechanics of trading CFDs by using the demonstration trading platform located on the SCM Website.

3.5 Single Stock CFDs including ETFs & ETCs

(a) General features

Share CFDs have as their Underlying Instrument an individual share and so they derive their price from the real time changes in the price of the Underlying

Instrument on the relevant Exchange. Trading in Share CFDs enables you to follow the price of a particular share, without having to purchase the actual share itself.

Prices are only quoted for Share CFDs, and can only be traded, during the open market hours of the relevant Exchange on which the Underlying Instrument is traded. Opening hours of the relevant Exchanges are available by viewing the relevant Exchange website.

In addition, SCM will not quote for a CFD where that Underlying Instrument is illiquid, in suspension or undergoing external administration, receivership or liquidation (for more information on potential external disruptions see Section 8).

Share CFDs are valued based on the price of the Underlying Instrument. For example, if you bought 1000 Share CFDs and the price of the Underlying Instrument was quoted as 15.70/15.71 then the Share CFDs would have a value of \$15,710 (being 15.71 x 1000).

Please see Schedule 1 for worked examples of trades in SCM's Share CFDs.

Dividends

If you hold a Long CFD, you will be credited with an amount equal to the gross unfranked dividend on the relevant number of the CFD's Underlying Instruments as soon as practical, typically on the Business Day after the ex-dividend date (CFDs do not confer rights to any dividend imputation credits). Please be aware that delays might occur for reasons outside of SCM's control, including delays by the issuer which is paying the dividend, time zones or banking payment systems.

Conversely, if you hold a Short CFD, your Trading Account will be debited by an amount equal to the gross unfranked dividend on the Underlying Instruments on the ex-dividend date.

The dividend and cash adjustments reports given by SCM record the adjustments made to your CFDs for dividends or other corporate actions affecting the Underlying Instruments (they do not refer to actual dividends paid by the issuer of the Underlying Instrument).

(b) Corporate Actions

If there is a corporate action by the company which issues the CFD's Underlying Instrument to which the CFD relates, SCM may in its discretion make an adjustment to the terms of the CFD in accordance with the terms of the Trading Account. For example, an adjustment will ordinarily be made for: subdivisions; consolidations; reclassifications of shares; bonus issues; other issues of shares for no consideration; rights issues; buy backs; in specie distributions; takeovers, schemes of arrangement or similar corporate actions; a corporate action event that has a dilutive or concentrative effect on the market value of the shares.

If the CFD relates to an index and then a share that is a constituent of the index goes ex-dividend, then an adjustment will be made to the index level to reflect this dividend. An amount for the weighted proportion of the dividend will be credited to your Account in respect of your Long positions and debited from Short positions.

SCM has a discretion to determine the extent of the adjustment and aims to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

SCM may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. SCM may also elect to close a CFD if the CFD's Underlying Instruments are the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

You may not direct SCM as to how to act on a corporate action or other shareholder benefit. This is because CFDs do not entitle you to direct SCM on how to exercise any voting rights in connection with the CFD's Underlying Instrument.

Clients should be aware that some Exchanges purge orders in shares that undergo corporate actions. You should seek confirmation from SCM of any action for specific corporate actions that might affect your CFDs.

(c) No shareholder benefits

If the CFD relates to an Underlying Instrument which is an Exchange-traded Listed Equity, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct SCM to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are also not available.

3.6 Share Index CFDs

Share Index CFDs have as their Underlying Instrument a share index, and so they derive their price or value from the real time changes in the value of that index as calculated by the relevant Exchange or SCM's valuation of that index.

SCM will only quote prices for Share Index CFDs, and can only be traded during the open market hours of the relevant Exchange on which the Underlying Index is determined (or within any more limited hours set from time to time by SCM). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website and on our website.

Share Index CFDs allow you to trade anticipated market trends rather than individual shares.

Share Index CFDs are valued based on the number of units per index point of the Underlying Index. For example, if the S&P/ASX 200 is valued at 4600 then trading 10 Share Index CFDs would mean the face value of the trade was \$46,000.

Please see Schedule 1 for worked examples of trades in SCM's Share Index CFDs.

3.7 Commodity CFDs

Commodity CFDs have as their Underlying Instrument a particular commodity.

Commodity CFDs enable you to access commodities markets, such as those for oil, grains, energy contracts, gold and other precious metals. Commodities CFD give investors exposure to the commodity representing the Underlying Instrument (or their futures contracts used to hedge them) without physical delivery, with the trading features of a CFD being a convenient alternative to directly trading in those commodities (or futures contract to hedge them).

All Commodity CFDs are cash settled.

Instead of directly trading on the Futures Exchanges – which may impose prohibitive lot sizes and high collateral requirements – investors can access Leveraged commodity trading with reduced initial investment through trading in Commodity CFDs. For instance, the minimum Commodity CFD lot size of a US Crude Oil is 25 CFD contracts; i.e., 25 barrels of the oil representing the Underlying Commodity, compared with the relevant Exchange's minimum Futures contract trade size of 1 contract with 1,000 barrels of the Underlying Instrument, which means more flexible and accessible trading.

Please see Schedule 2 for worked examples of trades in SCM's Commodity CFDs.

3.8 FX CFDs

FX CFDs have as their Underlying Instrument a currency pair, such as AUD and USD, and so they derive their price or value from the real time changes in the prices of the relevant underlying currencies in the Spot market.

FX CFDs allow you to trade anticipated movements in foreign currency. Unlike trading foreign exchange on Spot there is no need to roll open FX CFD positions overnight and no financing charge is debited /credited from the initial opening price. Instead, all costs are built into the Bid/Ask spread. Instead of trading currencies via Futures contracts that carry higher collateral requirements and restricted lot sizes, FX CFDs enable investors to access leveraged trading in foreign exchange with lower Margin Requirements and a smaller minimum trade size.

FX CFDs are valued based on the price of the Underlying Instrument, in this case a currency pair. For example, if you bought 5000 (i.e. the minimum trade size in FX CFDs) FX CFDs and the price of the Underlying Instrument was quoted as 1.0367 then the FX CFDs would have a value of \$5183.50 (being 1.0367 x 5000).

Please see Schedule 2 for worked examples of trades in SCM's FX CFDs.

3.9 CFD's on Bonds

Bond CFDs track a futures contract. As a result, they expire like the underlying contract with the same expiry date. Clients are required to roll their positions from one contract to the next at expiry time if they wish to hold it. If not rolled, the SCM will automatically close and cash settle the contract at expiry.

Bond CFDs open the same trading opportunities available for professional market makers to retail clients.

What's more, trading the futures market may be difficult for some retail investors because of the specifications of the contracts such as size of contracts, the Margin required to hold a position or the minimum financial risk that one contract represents (a.k.a. tick size).

The following example gives a simplified comparison of CFDs with Futures:

German Bund	CFD	Futures Contract
Margin	1%	~ 2.2%
Min. Trade Size	50 Indices	1,000 Indices
Min. Tick value	€ 0.50	€ 10
Costs/Commission	Spread	Spread + Commission + Exchange fees
Overnight Financing	No	No
Expiration	Yes	Yes
Stocks/Bonds as collateral	Yes	Yes

CFDs on Bonds create the conditions for retail investors to trade the underlying asset with more control of both their risk and their money management.

Please see Schedule 2 for further information on CFDs on Bonds.

3.10 FX Contracts and Metals Contracts

FX Contracts and Metals Contracts are margin products which derive their prices from the real time changes in the price of the Underlying Instrument (being foreign exchange and metal commodities) in the Spot market.

Prices are only quoted for FX Contracts and Metals Contracts and can only be traded during the open market hours on which the Underlying Instrument is traded.

Open hours of the market are available by viewing the relevant market websites and our website.

SCM will not quote for a FX Contract or a Metals Contract on a particular Underlying Instrument if that Underlying Instrument is illiquid (for more information on potential external disruptions see Section 8).

FX Contracts and Metals Contracts allow you to receive many of the economic benefits of owning the Underlying Instrument without physically owning it (for more information on key benefits of trading in FX Contracts and Metals Contracts see Schedule 3). For more information on FX Contracts and Metals Contracts SCM provides quotes on, please use the Trading Platform located on the SCM Website or contact SCM.

FX Contracts and Metals Contracts are valued based on the price of the Underlying Instrument. For example, if you bought 100,000 of one currency unit against another currency and the rate of exchange was quoted as 15.66/15.71 then the FX Contract would have a value of \$1,571,000 (being 15.71 x 100000).

Types of FX Contracts and Metals Contracts we offer:

(a) Spot FX Contracts

A Spot FX Contract is a foreign exchange spot transaction (also known as Spot FX). It is an agreement between two parties, under which one party will buy one currency, and the other will sell another currency at an agreed price for settlement on the spot date. The exchange rate at which the transaction is concluded is called the spot exchange rate.

By default SCM offers rolling spot contracts that remain open and do not settle. More details on the rollover charges that arise from keeping this transaction open is available in Section 12.

(b) Spot Metals Contracts

A Spot Metals Contract is a spot transaction in a tradable commodity, namely gold or silver, offered by SCM. It is an agreement between two parties, under which one party will buy gold or silver, and the other will sell gold or silver at an agreed price for settlement on the spot date. The price at which the transaction is concluded is called the spot gold or silver price.

By default SCM offers rolling spot contracts that remain open and do not settle. More detail on the rollover charges that arise from keeping this transaction open is available in Section 12.

(c) FX Forward Contracts

FX Forward Contracts (also referred to as “forward purchase contracts”) derive their price or value from the real time changes in the value of a currency for delivery in the future, as calculated by reference to the interbank rates or SCM’s valuation of the forward value of the currency representing the Underlying Instrument.

Note that by trading in SCM’s FX Forward Contracts you are not trading directly in the interbank market or on any Exchange.

Similar to FX Contracts, prices are only quoted by SCM for FX Forward Contracts whose rates are based on quotes available to SCM in the interbank FX market and can only be traded during the open market hours (or within any more limited hours set from time to time by SCM). Open hours of the market are available by viewing the relevant market websites and our website.

Margin FX Forward contracts are valued in a similar fashion to valuations of Margin FX, however, the price is adjusted for time and the interest rate differential between the two currencies of the FX transaction.

(d) FX Options Contracts and Metal Options Contracts

FX Options contracts derive their price or value from the real time changes in the value of a currency, time, other interbank market data, and SCM’s valuation of that option value. FX Options generally come in two types: Put (which can exercise into a short position in the underlying) and Call (which can exercise into a long position in the underlying).

Similar to Margin FX, prices for FX Option Contracts are only quoted in the interbank foreign exchange market and can only be traded during the open market hours (or within any more limited hours set from time to time by SCM). Open hours of the market are available by viewing the relevant market websites and our website.

Metal Option Contracts derive their price or value from the real time changes in the value of a metal as determined by reference to the relevant market for that metal.

FX and Metal Option contracts are offered by SCM at prices based on market valuations using generally available market models which can be easily found on any relevant market website. The most common and basic one used is the Black and Scholes. There are variances of this model in the interbank market. You should remember that SCM is acting as principal to you when issuing an FX Option Contract or a Metals Option Contract so it is determining its price based on factors relevant to SCM and is not acting as your broker to find you the best possible price.

For more information on which FX Contracts and Metals Contracts SCM provides quotes on, please use the demonstration trading platform located on the SCM Website or contact SCM.

Please see Schedule 3 for worked examples of trades in SCM’s FX Contracts and Metals Contracts.

4. COUNTERPARTY RISKS

Trading in the SCM Products involves counterparty risk. First, there is the risk to you that SCM, as issuer of the SCM products, and therefore, your counterparty to Transactions in the SCM Products, may default on its obligations to you under the SCM Products.

There is also a risk that parties, such as the Hedging Counterparties, with whom SCM contracts may not be able to meet their contractual obligations to SCM. This means that SCM could be exposed to the insolvency of its Hedge Counterparties or other defaults by the Hedge Counterparties on their obligations to SCM. If the Hedge Counterparties default on their obligations to SCM, then this could give rise to the risk that SCM defaults on its obligations to you. To mitigate against this risk, SCM has policies in place to ensure that its counterparties are carefully selected.

For equities traded on ASX, Clients will have the option of registering their holdings on the CHESS sub-register via a sponsoring broker appointed by SCM (“CHESS Broker Sponsored

Account"). Clients will be required to enter into a sponsorship agreement directly with the sponsoring broker.

A Client with holdings on the CHESS Broker Sponsored Account will be allocated a Holder Identification Number (HIN) which uniquely identified the Client as the holder of shares on the CHESS sub-register. Clients will be notified of any changes to their shareholdings by way of a holding statement mailed to their shareholdings by way of a holding statement mailed to their registered address by ASX Settlement.

4.1 Hedging

SCM understands that Clients need to rely on it taking appropriate measures to reduce their counterparty risk in relation to SCM: namely the risk that it will not be able to meet any liabilities as they arise. Such measures include having in place hedging strategies with Hedging Counterparties that have been assessed as being of strong financial standing

Before engaging any Hedging Counterparties, SCM will undertake an analysis to ensure that that Hedging Counterparty meets at least three of the following four key criteria:

- (a) are appropriately licensed and regulated by an independent body in the relevant jurisdiction;
- (b) have strong financial and compliance (including risk management) resources;
- (c) have been independently rated by a ratings house (e.g. Standard & Poor's); and
- (d) have a proven track record in relation to OTC products.

Accordingly, SCM has in place a policy on managing its exposure to market risk from Client positions.

4.2 Financial Resources

SCM recognises that there are financial resources risks associated with its activities. These include risks to you through dealing with SCM as your counterparty to the SCM Products. SCM has developed a policy to manage these risks and to ensure that it maintains adequate financial resources to provide the financial services covered by its licence. The policy also requires SCM to have appropriate risk management systems in place.

SCM manages its financial resources risks by complying with the liquidity requirements of its AFSL and undertaking additional "stress testing" to ensure it holds sufficient liquid funds to withstand significant adverse market movements. We are required to lodge our financial statements with ASIC annually to ensure that we comply with the stringent requirements required of an AFSL licensee.

As a subsidiary of Saxo Bank, SCM must adhere to Saxo Bank's internal compliance processes, including relating to capital adequacy. A component of this is to undertake regular stress testing. Stress tests, which constitute an integral part of SCM's internal capital adequacy assessment process, must reflect unlikely but not inconceivable events that SCM might be exposed to. The stress scenarios are reviewed and revised on an ongoing basis at least annually to reflect changes in SCM's operating environment or risk profile.

4.3 Counterparty risk for Client Money

The holding of Client money in the Segregated Client Account and in investments in the term deposits operated by Australian authorised deposit-taking institutions (ADIs) will expose the Client money to the risk of default of these banks. The level of risk of default that the Client money would be exposed to is dependent on the amount of Client money that SCM decides to invest in the term deposits operated by the Australian ADIs and the amount of Client money that SCM decides to hold in the Segregated Client Account.

For example, if SCM had 60% of Client money in the Segregated Client Account and 40% of Client money is invested in the term deposits operated by an Australian ADI, each client of SCM would have 60% of their Client money at risk to a default by the bank operating the Client Segregated Account and 40% of their Client money at risk to a default by the Australian ADI operating the term deposits. In this scenario, a client of SCM who had deposited \$100,000 in Client money would be at risk of losing \$60,000 in the event of a default by the bank operating the Client Segregated Account and would be at risk of losing \$40,000 in the event of a default by the Australian ADI operating the term deposits.

5. SIGNIFICANT RISKS

Before trading in the SCM Products you should consider the following significant risks of trading in the SCM Products. These risks are in addition to the counterparty risks described in Section 4.

Generally speaking, SCM bases the risk profiles of the SCM Products on the current volatility and/or liquidity of the underlying markets.

Other circumstances that may cause SCM to adjust the risk profiles include:

- (a) any corporate actions on the Underlying Instruments;
- (b) administration, de-listing or liquidation of the Underlying Instruments; or
- (c) any changes according to recommendation by any Exchange.

5.1 Leverage Risk

The SCM Products are Leveraged, because the amount you pay to SCM for the SCM Products (i.e., the total Margin and costs, fees and charges) is less than the full face value of the Underlying Instrument.

You should be prepared for greater risks from this kind of Leveraged derivative, which can lead to large losses as well as large gains. The high degree of Leverage in the SCM Products can work against you as well as for you, and may mean that you become liable to hold more Margin with SCM and the Margin Requirements applicable to Transactions may change rapidly in response to changes in the market for the Underlying Instrument. You may lose more than the amounts you pay SCM as Margin and the value of the Approved Collateral held in your Account.

5.2 Risk of unlimited loss

Your potential losses on Long or Short positions in SCM Products may exceed the amounts you pay (as Margin) for the SCM Products

or the amounts we hold on trust for you in the Client Segregated Account.

You can reduce the risk of losses on Short positions in the SCM Products by monitoring your Open Positions and Closing Out the positions before losses arise or otherwise to minimise your losses.

5.3 Margin Risk

You must have sufficient Margin Cover at all times and be able to provide to SCM the amount of required Margin as and when required, otherwise we may in our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your leveraged Open Positions with us without notice to you.

Margin Requirements are highly likely to change continuously, in line with market movements in the Underlying Instrument.

There is a high risk of Margin Requirements changing very rapidly at times. There is also a high risk that if the market value of the Underlying Instrument moves rapidly against you, you will be required to provide more Margin on little or no notice.

If there is a shortfall in your Account, or you do not meet a required Margin Call, SCM reserves the right to liquidate or sell any Approved Collateral forming part of your Account and its discretion.

You can reduce your risk of losing your positions as a result of failing to meet your Margin Requirements by carefully selecting the type and amount of SCM Product to suit your needs, monitoring your Open Positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by SCM. Please see Section 10 for further information about Margin.

5.4 Foreign exchange risk

Your Account and Trading Account(s) may be denominated in Australian dollars or any other currency permitted by SCM from time to time.

If you instruct SCM to effect a Transaction denominated in a currency different from the denomination of your Trading Account currency, SCM will convert the currency value of your Transaction into the Trading Account currency.

Therefore, you need to take into account the denominated currency in the SCM Products that you trade. This is because any foreign currency conversions between your Trading Account, which is denominated in one foreign currency, and SCM Products, which are denominated in a different foreign currency, can expose you to foreign exchange risk. For example, if your trading Account is denominated in AUD, and you have an Open Position in a Commodity CFD over gold, the denominated currency of that Transaction is USD, which means that not only do you have an exposure to gold prices, but you are also exposed to movements in the USD. Once you Close Out of this Commodity CFD position in gold, your profit and loss in your Trading Account remains denominated in USD, meaning that whilst you no longer have an Open Position a Commodity CFD providing you with exposure to gold, you still have a foreign exchange risk as the USD balance of your Trading Account may not be converted back to its default currency of AUD. This foreign exchange risk may trigger the

need for more Margin to be paid by you, including at short or no notice.

In addition, foreign currency conversions required for your Account (see Section 7.8 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Trading Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a position in an SCM Product.

You can reduce this risk by selecting SCM Products with foreign exchange exposure that you are prepared to incur and to monitor.

5.5 Risk of underlying stock being placed into administration, delisted or liquidated

Trading in an Underlying Instrument of an SCM Product may be halted or suspended from trading from time to time.

In these circumstances, we would not permit Clients to open a new Transaction in an SCM Product for which trading in the Underlying Instrument is halted or suspended.

Where trading in the Underlying Instrument is halted or suspended, we may not be able to offer you the corresponding SCM Product and so you may not be able to Close Out any Open Positions in affected SCM Products.

We have the discretion, where trading in an Underlying Instrument of an SCM Product is halted or suspended, to:

- close Out Open Positions in the affected SCM Product;
- raise the relevant Margin Requirement for the affected SCM Product up to 100%;
- continue to charge the relevant overnight debit/credit financing
- apply holding fees to halted/suspended open positions;
- revalue the affected SCM Product, including down to a value of zero;
- use the last traded price of that Underlying Instrument for the purposes of determining Margin Requirement and our Finance Charge or, where we reasonably believe that a different price reasonably reflects the value of an SCM Product, then we may price the SCM Product differently; and
- take such other action as we reasonably think fit to cover any relevant risks associated with Clients' Open Positions in the relevant SCM Product.

These halts, suspensions or interruptions may cause you to suffer a loss, for example because they prevent you from implementing your desired trading strategy in respect of the affected SCM Products.

5.6 Counterparty Risk on SCM

As noted in Section 4, as SCM is your counterparty to the SCM Products, there is the risk that SCM will not meet its obligations to you under the SCM Products. SCM mitigates Clients' counterparty risk through its Margin policy and risk management procedures and the special protections it has implemented for the benefit of Clients; however, the potentially adverse outcome of this risk is

very significant to you since, if it occurs, you could lose all or some of your investment.

You can reduce your counterparty risk with SCM by limiting the amount you pay SCM, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk resulting in all of your positions to be Closed Out. Please see Section 4 for more information.

5.7 Limited Recourse

SCM limits its liability to you for the SCM Products to the extent to which SCM actually recovers against its Hedge Counterparties and allocates that to the SCM Products. This means that any liability owed by SCM to you will be satisfied only by the extent to which SCM is able to recover from its Hedge Counterparties.

This key risk is linked to “counterparty risk”. Both limited recourse and counterparty risks are further explained in Section 4.

5.8 Market Risk

Financial markets can change rapidly; they are speculative and volatile. Prices of Underlying Instruments depend on a number of factors including, for example, commodity prices or index levels, interest rates, demand and supply and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation.

The SCM Products are highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of the SCM Products on closing can be significantly less than the amount you invested in them.

There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You can reduce your risk by understanding the market relevant to the SCM Products, monitoring your positions in the SCM Products carefully and closing your Open Positions before unacceptable losses arise.

5.9 Not a regulated market

The SCM Products are OTC derivatives and are not covered by the rules for Exchange-traded contracts. For example, trading on the ASX is governed by rules applicable to brokers and 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 ASX rules and the National Guarantee Fund do not apply to trading in the SCM Products.

In addition, OTC contracts, such as the SCM Products, by their nature are not necessarily liquid investments in themselves. If you want to exit the SCM Products, you rely on SCM’s ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Instruments.

5.10 Market disruptions

A market disruption may mean that you may be unable to deal in an SCM Product when desired, and you may suffer a loss as a result. This is because the market disruption events which affect

the Underlying Instrument will also affect the SCM Product on the same or very similar basis. Common examples of disruptions include the “crash” of a computer-based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular Underlying Instrument or a particular trade, and suspends trading in those contracts or cancels that trade.

You can attempt to minimise the effect of market disruptions by obtaining information released by the Exchange relevant to the SCM Product and taking action after the event as appropriate (if any) to the SCM Product, such as Closing Out because the market values have significantly changed since before the event.

5.11 Orders and gapping

It may become difficult or impossible for you to Close Out a position in an SCM Product. This can, for example, happen when there is a significant change in the SCM Product’s value over a short period. There is a moderate to high risk of this occurring.

SCM’s ability to Close Out a position in an SCM Product depends on the market for the Underlying Instruments. Stop-loss Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss.

You should consider placing stop-loss or other Orders that limit your losses but also closely monitor your Account and the relevant market in case the stop-loss order is not fully filled or filled at all and you need to take further action to limit your losses. For further information, see Section 9.5 for more information about the risk of “gapping”.

5.12 Online Trading platform and IT risk

The Trading Platform is made available to you on an “as is” and “as available” basis. If you are unable to access our Trading Platform for any reason, it may mean that you are unable to trade in a SCM Product when you wish to do so (including for Closing Out) or you might not be aware of the current Margin Requirements and so you may suffer loss as a result.

SCM may also suspend the operation of the Trading Platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme situations, SCM has discretion in determining when to do this. If the Trading Platform is suspended, you may have difficulty contacting SCM, you may not be able to contact SCM at all, or your Orders may not be able to be executed at prices quoted to you.

There is a moderate to high risk that SCM will impose volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against SCM in relation to the availability or otherwise of the Trading Platform, nor for its errors and software. Please review the General Business Terms and any guidance material for any particular online trading platform.

5.13 Exchange

The rules of the relevant Exchange govern the trading in the Underlying Instruments and so will indirectly affect the dealing in the SCM Products. All of the rules of each relevant Exchange may be

relevant to the SCM Products, so you should consider those rules. The details of those rules are outside the control of SCM and they may change at any time and without notice to you.

5.14 Conflicts of interest

Trading with SCM for the SCM Products carries a risk of conflict of interests because SCM is acting as principal and issuer of the SCM Products and SCM sets the price of the SCM Products and also because it might be transacting with other persons, at different prices or rates, or SCM might be trading with market participants.

The policy used by SCM is that as principal it issues the SCM Products to you based on the price it gives you, not by acting as broker to you. SCM obtains its price by dealing with its own Hedge Counterparties. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the market for the Underlying Instrument) by monitoring SCM's pricing and by monitoring the underlying market.

The other trading activities of SCM, such as trading on its own account or acting as broker to its Clients and providing you with the SCM Services, are conducted without reference to SCM's dealing in the SCM Products with you. Where SCM enters hedging transactions as principal on its own account, it does so to hedge its position and with the intention of making a profit.

5.15 Valuations

The SCM Products are valued by SCM. Typically, this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Exchange or market which in turn affects the price quoted by the relevant Hedge Counterparty to SCM.

If the Exchange or other market fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Instrument is halted or suspended, SCM may exercise its discretion to determine a value.

Due to the nature of the SCM Products, and consistent with industry practice for such products, SCM's discretion is unfettered and so has no condition or qualification. While there are no specific limits on SCM's discretions, SCM must comply with its obligations as an AFSL holder to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by SCM in the circumstances permitted by the General Business Terms.

5.16 Regulatory risk

A Client may incur losses that are caused by actions taken by a regulatory authority, which are outside SCM's control. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Instrument and so the terms of the SCM Product. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the value of an Underlying Instrument, thereby affecting the value of the SCM Product.

5.17 SCM's rights on default, indemnities and limitations on liability

If you fail to pay, or provide security for, amounts payable to SCM or fail to perform any obligation under a Transaction, SCM has extensive powers under the General Business Terms to take steps to protect its position. For example, SCM has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the General Business Terms you agree to indemnify SCM for certain losses and liabilities, including, for example, in default scenarios.

You should read the General Business Terms carefully to understand SCM's rights under them.

5.18 Operational Risk

The SCM Products are generally traded over the internet, using your computer, internet-enabled mobile phone (e.g. iPhone or other smartphone), tablet or any other internet enabled device. This means that you are exposed to the risk of disruptions in your ability to trade via electronic means, leading to delays in the execution (and settlement, as applicable) of a Transaction.

For example, these risks include the stability and reliability of your computer or other device through which you access the internet, your internet connection and the Trading Platform.

We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, giving rise to faults in or instability in the Trading Platform or in the provision of data by third parties.

6. OPENING AN ACCOUNT

6.1 Applying for an account

You need to establish your Account by completing the relevant application form, which is available on SCM's Website. There are different application forms for different types of accounts.

SCM is subject to anti-money laundering laws (**AML Laws**) and is required to collect and verify the identity of the Client (including each authorised signatory of the Client, where applicable), before opening the Account. Each person who is authorised to trade and provide instructions on behalf of the Client (being an authorised signatory or an attorney under a power of attorney) will need to sign the application form and provide identification information to SCM before an Account will be opened.

After SCM accepts your application, your Account will be established. Your Account covers the SCM Products and SCM Services which you apply for in your application form and which SCM agrees to provide to you.

You can trade in the SCM Products and access the SCM Services through the using your Account through the Trading Platform. The legal terms governing your Account and your dealing in the SCM Products and/or SCM Services are set out in the General Business Terms.

Trading Account (sub-accounts)

Within your Account, you may have one or more Trading Accounts. A Trading Account is a sub-account of your Account for a specific method of dealing ((e.g. long-term trading vs. short term trading)). For example, you could have a Trading Account for each different

currency denomination of the SCM Products that you deal in and a separate Trading Account for other SCM Products.

Do note that maintaining more than one sub-account may entail disadvantages as well, such as interest payable on negative balances in your Trading Account(s). Refer to Section 12 for more information.

6.2 Types of accounts

SCM offers the following type of Accounts, depending on the legal status of the Client:

- individual account;
- joint account;
- company account;
- trust account (includes self-managed super fund); and
- other account types may be available, please speak to an SCM sales representative to find out more.

6.3 Client Qualification

SCM understands that because of the significant risks involved, the SCM Products and SCM Services will not be suitable for all investors. As such, before Clients are given access to the Trading Platform, the SCM Products and SCM Services, they must satisfy SCM's Client qualification criteria through a theory based assessment and by demonstrating their suitability to access the SCM Products and the SCM Services.

Where you have appointed an agent to apply for and to maintain your SCM account it will be sufficient if that agent satisfies the SCM qualification criteria as set out below. In such circumstances, you may not be required to satisfy the client qualification criteria.

In order to ensure a consistent approach for all Clients, SCM has determined that each Client or their agent will need to demonstrate their experience and competencies in the following areas:

- previous experience in investing in financial products;
- understanding of relevant concepts, including leverage, margins and volatility;
- understanding of the nature of trading in derivative products;
- understanding of the processes and technologies used in trading;
- willingness to monitor and manage the risks of trading; and
- Theory Based Assessment.

All authorised signatories of a Client must complete the *Client Qualification Assessment*. You may email ps@saxomarkets.com.au or contact us for information on your Client Qualification Assessment. This will consist of questions designed to assess their understanding of the various concepts associated with the SCM Products (including, but not limited to, Leverage, margins, volatility and the risks associated with the SCM Products). Each authorised signatory or their agent must score at least 70% in the suitability test.

Please note that SCM will retain details of any authorised signatory who undertakes the *Client Qualification Assessment* irrespective of how they perform in the test and whether they subsequently access the SCM Products and SCM Services. This information will be retained for durations as may be mandated by applicable laws.

Once you or your agent (where applicable) have successfully completed the *Client Qualification Assessment*, we will assess your suitability to access and trade SCM Products. Please note that this *Client Qualification Assessment* does not take into account any of your personal circumstances, financial needs or objections. You should always make your own assessment of your suitability to trade in the SCM Products and access the SCM Services. You should carefully consider the features of the SCM Products and the SCM Services and their significant risks before investing in them.

Some key suitability considerations are:

- whether you have experience in trading in the Underlying Instruments;
- whether you understand the terms of the SCM Products and how they work;
- whether you are aware of the high degree of risk inherent in the SCM Products;
- whether you can monitor your investments in the SCM Products and manage them in a volatile market;
- whether you have financial resources to provide more Margin, especially on little or no notice; and
- whether you can bear substantial losses that might arise from trading in SCM Products, especially the potential for unlimited losses.

Our assessment of your suitability is based on your information and any other information we ask for and you give us.

To the extent permitted by law we do not accept liability for your choice to invest in the SCM Products or SCM Services so you should read all of this PDS, the FSG and General Business Terms carefully, consider your own needs and objectives for investing in the SCM Products and SCM Services and take independent advice as you see fit.

7. ACCOUNT ADMINISTRATION

7.1 Payment Options

SCM may accept the following methods of payment of funds into your Account:

- electronic funds transfer;
- telegraphic funds transfer;
- personalised cheques (fees may apply);
- credit card payments*

**Any applicable fees associated with credit card payments are charged by SCM's payment service provider or the credit card provider/bank. SCM does not charge any fees relating to credit card payments.*

SCM does not accept the following methods of payment:

- cash in hand; or
- physical cash deposits into our bank account.

Australian Dollars (AUD) is the default currency for our Accounts, but we also offer the following currency Bank Accounts:

- British Pounds (Sterling) (GBP);

- US Dollars (USD);
- Canadian Dollars (CAD);
- Euro (EUR);
- Hong Kong Dollars (HKD);
- Japanese Yen (JPY);
- New Zealand Dollars (NZD);
- Singapore Dollars (SGD); and
- Swiss Franc (CHF);

7.2 Opening Margin Cover

SCM does not meet Benchmark 2 of the Guide on Opening Collateral, since credit card payments in the amount greater than \$1000 can be accepted as opening collateral. SCM has a minimum initial funding requirement of \$3,000.

Clients are reminded to take appropriate precaution in the use of their credit card as payments towards meeting Margin Cover. The use of credit card payments exposes clients to greater risk of entering into financial difficulty and further additional risk of double leverage.

SCM may accept shares or other securities as opening collateral or to be held as Margin Cover.

SCM does not accept cash in hand or physical cash deposits into any of SCM's bank accounts, due to the risks associated with money laundering.

7.3 Approved Collateral

SCM may allow Clients to apply a percentage of the value of Approved Collateral (as determined by SCM from time to time and not exceeding 80%) towards the Margin Requirements for SCM Products or SCM Services requiring Margin.

Subject to meeting the Margin Requirements, Clients may trade Approved Collateral at any time during market trading hours.

SCM may amend the list of Approved Collateral from time to time including by adding, removing, or varying the haircut applied to, an eligible Exchange-traded product.

SCM reserves the right to disallow or suspend the ability for Clients to use Approved Collateral in this manner if deemed necessary.

Changes to the Approved Collateral facility, including to the list of acceptable collateral, may affect your ability to meet Margin Requirements. You are responsible for monitoring your positions and Margin Requirements and providing the required level of Margin. If you use Approved Collateral to meet Margin Requirements and there is a shortfall, or you do not pay the required Margin Call, SCM reserves the right to liquidate or sell any Approved Collateral forming part of your account at its discretion.

7.4 Funding your Account

SCM does not accept any form of third-party payment from Clients to fund their trading account with SCM. This means that Clients must ensure that they transfer funds from a bank account in the same name as their trading account. Further to this, SCM does not accept physical cash deposits, or bank cheques for the purposes of funding of trading account. Personalised cheques are accepted, provided it does not constitute third party payment. Any payment received and identified as third-party payment, will be returned via the method received. The

time involved in the return of funds may vary depending on which bank you bank with.

7.5 Withdrawing funds from your account

Clients will have access to the cash withdrawal module on the Trading Platform, which enables a Client to withdraw funds from their trading Account to their nominated bank account. For further information please visit SCM's Website.

Withdrawal requests can take between 1 - 5 days before funds are available in your bank account: this can vary depending on which bank you bank with. If a Client has been given access to the cash withdrawal module, but completes and submits a hard copy withdrawal request form, the client may be charged an administration fee for manual processing.

SCM bears only the bank transfer charges for outgoing instructions disbursed from our end only. Clients will receive their payment minus the correspondent (intermediary) bank charges, if any such fees are charged by the receiving bank. These fees differ from bank to bank and are not charged by SCM. For details of such charges, please make contact with your bank representative. We do not pay withdrawal requests by cheque. Withdrawals may be subject to a minimum withdrawal amount requirement. Please contact us if you require more information about withdrawals.

7.6 Dividends and other shareholders rights

If a Client holds CFDs with shares as Underlying Instruments, those Clients' Accounts will be credited or debited with any cash dividends that accrue to those shares (as applicable). Dividends received in relation to securities will be treated in the same way as other interest earned on the Segregated Client Account. Cash dividends are booked on "ex-date" (effective date of the event) reflecting the market price movement. However, the actual value of the payment will be settled on pay date (value date), provided that SCM and Saxo Bank receive the dividend amount by the value date.

The entity paying a dividend will automatically deduct any mandatory withholding tax which applies in the specific country where the entity is registered. SCM and Saxo Bank are not liable for any disposition or omission in. SCM and Saxo Bank are not responsible for any excessive taxes withheld by third parties in relation to such payments and it is a Client's responsibility to seek these back from the relevant tax authorities. SCM and Saxo Bank will not withhold any additional taxes or otherwise deal with any taxation issues in relation to payments. Any tax implications from the receipt of dividends are the Client's own responsibility.

SCM may, but is not obliged to, notify Client of relevant corporate actions on the Trading Platform and SCM is not liable for Clients' receipt of information about corporate actions. Corporate actions may include entitlements to rights issues and other corporate restructures. SCM may (but is not obliged to) obtain instructions from the Client in relation to any corporate action that Client may act on and in such cases, it is the responsibility of Clients to inform SCM if and how they wish to exercise their rights stemming from the corporate actions within the deadlines stipulated in the corporate actions and to ensure that sufficient funds are available on their Account where relevant (in situations where a corporate action will affect the value of their Account). If no or insufficient instructions are received from a Client in respect of a rights issue, SCM or Saxo Bank

will be entitled but not required to sell the subscription rights at the best possible price.

SCM may charge additional commission and fees related to Corporate Actions. The prevailing trading costs are available on SCM's Website. For certain types of Australian corporate events, Australian listed companies have the right to reduce entitlements to zero in certain circumstances and SCM will therefore only pay entitlements to Clients once received from the relevant custodian.

7.7 Currency conversions

Currency conversions of trading costs as well as profits and losses from trading activities are done using the prevailing close rate as of 17:00 New York time, plus/minus 0.75% of the prevailing closing rate. For FX Options the rate is plus/ minus 0.1% of the prevailing closing rate. These mark-ups/downs are for clients on the Classic tier, and may differ depending on which commission profile the client is on.

All other currency conversions (including conversions of funds transferred to and from your Account with SCM) will be done using the current Spot rate for that currency plus/minus 0.75% (for clients on the Classic tier) when the amount is credited or debited from your Account.

For more information on rates applicable to other Client tiers, please refer to the SCM Website.

7.8 Trade Confirmations

If you transact in the SCM Products, the confirmations of a Transaction, as required by the Corporations Act, may be obtained by accessing the daily statement online, which you can print.

Once you have entered an Order into the Trading Platform, the system may report the main features of your Transaction in a "pop-up" window. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act. If you have provided SCM with an e-mail or other electronic address, you consent to confirmations being sent electronically including by way of the information posted to your Trading Account in the Trading Platform. It is your obligation to review the confirmation immediately to ensure its accuracy and to report any discrepancies within 24 hours.

7.9 Trading activity information

Clients are able to access trading activity statements via their Trading Account on the platform.

7.10 Accessing the Trading Platform

Clients are able to access the Trading Platform via a single account, either via SaxoTraderGo or SaxoTrader:

- SaxoTraderGo offers account overview, trading tools, and risk-management features for users to execute trades. The SaxoTraderGo can be accessed via web-browser, and downloadable applications for mobile devices.
- SaxoTraderPro offers comprehensive account overview, advance trading features for users to execute trades. The SaxoTraderPro can be accessed via downloadable application on desktop devices.

Each of SaxoTraderGo and SaxoTraderPro provides clients with access to the SCM Products and SCM Services.

7.11 Pricing Bid/Offer spread

SCM quotes a lower price and a higher price at which you can place your order. This is referred to as the Bid/Offer spread. The higher quoted price is the indication of the price at which you can buy an SCM Product. The lower quoted price is the indication of the price at which you can sell an SCM Product.

SCM makes hedge contracts at or around the same time as it issues an SCM Product to you by making a corresponding hedge contract with its Hedge Counterparty (not by placing orders directly into the market). The hedge contract is with a Hedge Counterparty who may choose to hedge directly into the market, or it may make a market in its pricing to SCM, depending on the market for the Underlying Instrument and the Exchange trading hours.

SCM's Bid/Offer prices are based on the corresponding prices offered by the Hedge Counterparty to SCM and these prices may not be the same as those quoted for the Underlying Instrument in the relevant market.

SCM aims to give competitive pricing but please be aware that SCM does not act as your agent to find you the best prices.

When your Order is executed, for you to break even or realise a profit, (assuming absence of any fees or charges for illustration purposes), the price at which you exit your position needs to be at least equal to the original Bid or Offer price that you started the position (depending on whether you went Long or Short); if you trade at the Offer, the price needs to reach the Bid and vice versa.

Also, the available pricing may be limited by minimum steps, depending on the Exchange rules for trading the Underlying Instrument or its hedge, so, depending on the SCM Product you choose, your Order to exit your Open Position might have to be in minimum increments of pricing before it can be accepted and executed.

8. HOW TO TRADE WITH US

8.1 Pricing Model

There are two pricing models or ways of trading CFDs with SCM. The first is what is commonly known as, or commonly referred to as the Direct Market Access (DMA) model. The second is the Non Direct Market Access (Non DMA) model.

(a) DMA Model

If a client adopts the DMA model it means that all CFD quotes made by SCM are the same as the price or value of the Underlying Instrument on the relevant Exchange, subject to SCM's reliance on the Hedge Counterparty providing the same pricing service as the price or value of the Underlying Instrument on the relevant Exchange: i.e. no additional spread fees are applied by the Hedge Counterparty so SCM gives close to the same pricing outcome for its clients, as though SCM made the client hedge itself.

Access to the DMA model is also subject to a Client requesting live pricing, which can be provided via the Trading Platform and will be subject to additional fees, which the Client agrees to on applying for an Account, otherwise there will be delayed pricing.

For example, if BHP shares are quoted on the ASX as 45.70/45.71 then the price SCM will quote for CFDs which have BHP shares as their Underlying Instrument using the DMA model will be the same, i.e., 45.70/45.71,

Please contact SCM for further information about the operational rules and features of the Trading Platform when adopting the DMA model.

(b) Non DMA model

Non DMA model means that all CFD quotes made by SCM are determined by SCM with direct reference to the price or value of the Underlying Instrument on the relevant Exchange but this pricing or value may differ from the price or value of the Underlying Instrument for example, because the Transaction Fee might be included in the pricing, i.e., an additional spread is applied to the pricing or value. The Trading Platform will show whether it is indicative and the order will be filled on another basis or the pricing is delayed or the market is closed.

For example, if the February Gold Futures Contract is quoted on the COMEX as 1467.7/1467.8 then the price SCM will quote for CFDs using the non DMA model could be as wide as 1467/1468. The non DMA model may also mean the Client does not participate in the features of the DMA model, such as having Orders (for CFDs) work (i.e. be able to be executed) during the opening and closing phases of Exchange trading in the Underlying Instrument or participate in Orders queuing, as well as during the usual market trading hours.

Please contact SCM for further information about the operational rules and features of the Trading Platform when trading Non DMA products.

8.2 Quoting our prices

Quotes for prices for trading in the SCM Products are indicative only and so are subject to the actual price at the time of execution of your Transaction. There is no assurance that SCM Products will actually be traded at the indicative quote.

Quotes can only be given and Transactions made during the open market hours of the relevant market for the Underlying Instruments. The open hours of the relevant Exchanges and markets are available by viewing the relevant Exchange or markets website or by contacting SCM. As a guide you can find details for most major Exchanges on our Website. However, we recommend that you access the website of the relevant Exchange to obtain up to date and accurate information.

SCM may at any time in its discretion without prior notice impose limits on our CFDs in respect of particular shares representing the Underlying Instrument. Ordinarily, SCM would only do this if the market for the particular Underlying Instrument has become illiquid or its trading status has been suspended or there is some significant disruption to the markets.

You should be aware that the market prices and other market data which you can view through SCM's Trading Platform or other facilities which you can arrange yourself may not be current or may not exactly correspond with the process for the SCM Products offered by SCM.

If you access your Accounts and the Trading Platform outside of the hours when Orders may be accepted, you should be aware that the Orders may be processed at a later time when the relevant Exchange or market is open for trading, by which time the market prices (and currency exchange values) might have changed significantly.

8.3 Suspended / Halted underlying assets

As noted in Section 5.5, trading in an Underlying Instrument of an SCM Product may be halted or suspended from time to time. In these circumstances, we:

- would not permit Clients to open a new Transaction in an affected SCM Product;
- would not be able to offer you the corresponding affected SCM Product and so you may not be able to Close Out any Open Positions in the affected SCM Product; and
- may exercise a number of discretions, including to Close out and Open Positions in affected SCM Product, Increase relevant Margin Requirements to 100%, introduce position holding fees and take such other action as SCM reasonably thinks fit to cover any relevant risks associated with Clients' Open Positions in the relevant SCM Product.

See Section 5.5 for more information about the potential risks and implications for you of any such trading halts, suspensions or interruptions.

8.4 Transactions

(a) Entering into a Transaction - all SCM Products

The particular terms of each Transaction are agreed between you and SCM before entering into the Transaction.

Before you enter into a Transaction by opening a position in a SCM Product, SCM will require you to have sufficient Account Value to satisfy the Margin Requirement for the relevant number of SCM Products. The payments you make to SCM are applied as either Margin or the fees and charges and the amount net of those fees and charges is credited to your Trading Account. The fees and charges of transacting in the SCM Products with SCM are set out in Section 12.

A position in a SCM Product is opened by buying a SCM Product, corresponding with either buying (going Long) or selling (going Short) the Underlying Instrument. If you take Long position, you profit from a rise in the Underlying Instrument, and you lose if the price of the Underlying Instrument falls. Conversely, if you take a Short position, you profit from a fall in the price or level of the Underlying Instrument and lose if the Underlying Instrument price or level rises.

You go "Long" and buy a SCM Product if you think that the price of the Underlying Instrument to which the SCM Product is referable will go up, which would have the effect that the price of the SCM Product will go up. You go "Short" when you sell an SCM Product if you think that the price of the Underlying

Instrument to which the SCM Product is referable will go down, which would have the effect that the price of the SCM Product will go down.

(b) Closing a Transaction – all SCM Products

If you wish to close a position before it expires, you enter into a contract which is equal and opposite of the Open Position. To close a Long position you sell, and to close a Short position you buy.

When you Close Out a position, you are entering into a new position opposite to your Open Position.

To implement this, you contract SCM via the Trading Platform, to determine the current market value of the Underlying Instrument for the position you hold, with the view to closing the position (or part of it).

SCM will confirm the current market value and you will then decide whether to accept the value, and if so, you would instruct SCM to Close Out your Open Position in accordance with your instructions.

At the time that positions are closed, SCM will calculate the remaining payment rights and your obligations to reflect movements in the Contract Value since the previous day's settlement price (including other credits/debits). Because you enter into a Transaction to close out the existing position, there may be a Transaction Fee to close the position – see Section 12.

You should be aware that you might suffer a loss, depending on the mark-to-market value of your SCM Product at termination compared with the total cost of your investment up to the time of termination.

SCM has discretion in determining closing prices. In general, without limiting SCM's discretion, it should be expected that SCM will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by SCM to hedge the SCM Products issued to you, the closing price of the relevant Underlying Instrument for the SCM Products, any foreign currency exchange rates which are relevant due to the denomination of the SCM Products or Trading Accounts and any suspensions or halt in trading of the Underlying Instrument. In the worst case scenario, it is possible that the closing price determined by SCM may be zero.

SCM also has the right to decide to make an adjustment in any circumstance if SCM considers an adjustment is appropriate. SCM has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

SCM may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Although there are no specific limits on SCM's discretions, SCM must comply with its obligations as an AFSL holder to act efficiently, honestly and fairly.

The amount of any profit or loss you make on an SCM Product will be based on the difference between the amount paid for the position when it is entered into (including fees and charges) and the amount credited to your Trading Account when the position is Closed Out (including allowance for any fees and charges).

(c) Closing a Transaction – FX Option Contracts

FX Option Contracts have an expiry date, which is a parameter of the contract and decided by the client when the option is dealt. FX Options can be dealt with either spot exercise or cash exercise methods, which is chosen by the client and can be changed up until a short period of time before expiry. The spot expiry method will automatically generate a margined FX spot rate above (calls) or below (puts) the strike rate of the option. The cash expiry method automatically creates the same exercise FX spot position, and then immediately and automatically closes it out at the current market mid FX spot rate. This leaves the client without additional exposure in the underlying FX spot, and moves the option's value into unrealised FX spot profit or loss. Options that are not exercised expire worthless and are removed from client accounts. FX Option Contracts can be closed – an operation which inserts an equal and opposing position – but not exercised at any point up until a short time before expiry (i.e. are European style a.k.a Vanilla FX Options). All FX Option Contracts are exercised at 10:00am EST ("NY Cut") on the expiry date.

(d) Closing a Transaction – FX Forward Contracts

FX Forward Contracts are FX positions that have a value date greater than the spot date of the underlying currency cross. If not explicitly closed out, FX Forwards will become a FX Spot position when the current spot date matches the FX Forward value date. If there is already a FX Spot position on the client account, the FX Forward will net with it into a single overall spot position. If a FX Forward is closed out prior to becoming a spot position, the original and closing position will remain on the client's account until such time as the current spot date matches the value date of the two positions. In other words, the unrealised Profit or Loss of the net FX Forward position will not be realized (booked to the client account) at least until the FX Forwards become due.

(e) Closing a Transaction – Commodity CFDs

All Commodity CFDs expire at a specified date in the expiry month and are always cash settled. A Commodity CFD whose Underlying Futures Contract is deliverable is not automatically a deliverable CFD.

You need to Close Out or rollover into the next available contract month all open Commodity CFD positions since SCM does not support the automatic rolling of Commodity CFD Open Positions.

Please take note of and monitor the expiry and first notice dates of any futures contracts which are the Underlying Futures Contract of the Commodity CFDs which you invest in and ensure that you Close Out your Commodity CFD position before the Commodity CFD's expiry date, otherwise it will be Closed Out by SCM. We do not monitor or otherwise notify you of

these dates, so it is important that you monitor them yourself. Moreover, SCM does not provide any warning of the Closing Out of Commodity CFDs at their expiry.

If you do not close a Commodity CFD position before the CFD's expiry date which generally is always two days prior to the first notice date and the last trading day of the Underlying Futures Contract (whichever is first). SCM may automatically close Out your Commodity CFD position for you at the first opportunity available to SCM at the prevailing market price. Any resulting costs, gains or losses will be passed on to you.

The specific expiry date for individual Commodity CFDs is displayed on the order ticket when the Order is placed or the expiry date of the Commodity CFD with reference to the expiry date or first notice of the relevant Underlying Futures Contract can be found on the Trading Platform.

If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your Commodity CFDs, please contact SCM or your agent.

8.5 Risk Limits

It is the Client's responsibility to ensure that margin utilization in the Account remains below 100%. If a client's account is under margin call, meaning equal to or greater than 100% margin utilisation, Saxo Capital Markets is entitled to reduce Client's exposure by closing one, several or all of the Client's open margin positions or part of an open margin position in the Client's Account, without assuming any responsibility towards the Client for such action.

Be aware that SCM may at its discretion vary its internal risk limits at any time due to market condition and without notice to you. Therefore, you should always refer to your trading conditions for the maximum amount you may hold. You should always decide your own risk limits and monitor your positions.

8.6 Unrealised and Realised Profit and Loss

Unrealised profit is profit that comes from an Open Position (i.e. Transaction has not yet been Closed). Unrealised profit is profit that would be made if the Open Position were Closed Out at that time. Unrealised profit will change with each change in the price of the Underlying Instrument, so it can be reduced zero (or become an unrealised loss) at any time. Unrealised profit becomes realised profit at the moment that an Open Position is Closed Out.

Realised profit is usually already deposited into a Trading Account, and can be withdrawn from the Trading Account to a bank account. Realised profit is included in the account balance in Trading Account statements.

The difference between realised and unrealised profit may appear slight, but it can mean the difference between a profitable Transaction and a losing Transaction. Unrealised profit is theoretical profit that is currently available, but could be taken away again at any moment (i.e. if the market price of the Underlying Instrument moves against you). Realised profit is real profit that can no longer be affected by price changes, because it is no longer part of an Open Position.

8.7 Short Trades

When dealing in Short CFD positions, you are highly likely to be affected by the relevant laws and Exchange rules as they apply to short selling of the Underlying Instrument, since that will flow through to the CFD.

For example:

- (a) CFDs with Underlying Instruments traded on USA Exchanges: an up-tick rule applies where you can only short sell on an up-tick (which means a selling price that is higher than the last price).
- (b) CFDs with Underlying Instruments traded on the ASX: you may experience limitations on the amount of CFDs you can short trade in a single day, due to limited borrowing availability for the Underlying Instrument in the underlying market.

When dealing in Short CFDs, you can experience forced closure of a position if your CFDs get recalled (which is a common way of referring to early Close Out of your CFD due to the hedge contract for your CFD being Closed Out early due to the Hedge Counterparty being required to deliver the Underlying Instrument to its own hedge counterparty). The risk is particularly high if the share becomes hard to borrow due to take-overs, dividend announcements, rights offerings, other merger and acquisition activities, or increased trading activity in the Underlying Instrument.

Since the rules of each Exchange may change, you should obtain a copy of the rules of the Exchange relevant to you by accessing the Exchange's website or you can contact SCM for assistance in identifying the relevant rules.

8.8 Market Conduct

All market participants have a legal obligation to ensure that the markets are fair, orderly and transparent. Clients should be aware that some practices in placing Orders can constitute market manipulation or creating a false market which is conduct prohibited under the Corporations Act. It is the Client's responsibility to be aware of unacceptable market practices and the legal consequences of engaging in such practices. The Client may be held accountable to regulators such as ASIC or be liable to SCM for costs to SCM in relation to any unacceptable trading practices of the Client which lead to the Client, SCM or any other person suffering loss or penalty.

8.9 Errors

If errors occur in the prices of SCM Products quoted by us, SCM will not be bound by any Transaction which is purported to have been entered into (whether or not confirmed by us) at a price which was, or ought reasonably to have been, known to either of us to be materially incorrect at the time of the Transaction.

9. ORDER TYPES

Different types of Orders are available on the Trading Platform. You will be able to obtain information about Orders that apply on the Trading Platform when you log in. Set out in the sections following are examples of Order types that may be available to you. If you have any questions, please contact SCM.

IMPORTANT NOTE ABOUT ORDERS AND HOW TO PLACE AN ORDER

When you request to place one of the types of Orders described in this Section 9, SCM has the discretion whether or not to accept and execute any such request. The price at which we accept an Order to trade will generally be on the basis of filling the full volume of the Order in one Transaction if possible and partially filled Orders will be filled as soon as the opportunity arises. The type of Orders and how they may be filled, if at all, might depend on the rules of the Exchange where the Underlying Instruments are being traded (if applicable) and the pricing model you have selected. For some SCM Products that you choose to trade, there may be a minimum trade value or other restrictions (e.g. pricing) that relate to a particular market.

9.1 Limit Order

Limit orders are commonly used to enter a market and to take profit at predefined levels:

- (a) Limit orders to buy are placed below the current market price and are executed when the Ask price hits or breaches the price level specified. If placed above the current market price, the Order is filled instantly at the best available price below or at the limit price.
- (b) Limit orders to sell are placed above the current market price and are executed when the Bid price breaches the price level specified. If placed below the current market price, the Order is filled instantly at the best available price above or at the limit price.

When a limit order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your Order is filled may differ from the price you set for the Order if the opening price of the market is better than your limit.

In the case of CFDs, the Order will be filled if possible, and any remaining volume will remain in the market as a limit Order; however, there may be variations to the price at which your Order is filled, depending on the pricing model you have chosen and the Underlying Instrument.

9.2 Market Order

A market order is an Order to buy or sell at the current market price as soon as possible i.e. if the market is closed, the Order will be executed when the market opens.

9.3 Order Durations

- a) **Good till cancelled (GTC)**
Order is valid until it is either manually cancelled or is executed because the necessary market conditions have been met.
- b) **One week**
Order is valid one week from today's date, e.g. if an Order is placed on 6 February, then the Order is valid until 13 February 17:00 New York time.
- c) **One month**
Order is valid one month from today's date e.g. if an Order is placed on 6 February, then the order is valid until 6 March 17:00 New York time.
- d) **Day Order**

Order is valid until the end of the day. The end of the day is 17:00 New York time on the day that you place the Order.

- e) **End of week**
Order is valid until end of current week, e.g. if an Order is placed on a Tuesday, then the Order is valid until 17:00 New York time on Friday the same week.
- f) **End of month**
Order is valid until end of current month, e.g. if an Order is placed 6 August, then the order is valid until 31 August 17:00 New York time; unless the last day of the month is not a Business Day, in which case the Order is valid until the Business Day of the month, e.g. 30 August 17:00 New York time.
- g) **End of year**
Order is valid until end of current year e.g. if an Order is placed 6 August, then the Order is valid until 31 December 17:00 New York time. However, if the last day of the year is not a Business Day, the Order is valid until the last Business Day of the year, e.g. 30 December 17:00 New York time.
- h) **Select Date**
Select date allows you to select any date.

9.4 How to place a related Order

Several types of related Orders are available. An If Done Order consists of two Orders: A primary Order that will be executed as soon as market conditions allow it, and a secondary Order that will be activated only if the first one is executed. A "One Cancels the Other" (O.C.O.) Order consists of two Orders. If either of the Orders is executed, the related Order is automatically cancelled. 3-way contingent Orders are where two Orders are placed if a primary (If Done) Order is executed. These Orders are themselves related as O.C.O. Orders allowing both a stop loss and a profit taking Order to be placed around a position.

9.5 Stop-Loss Orders

SCM may, in its sole discretion, accept an Order from you to close an Open Position if the price moves to or beyond a level specified by you. This is known as a "Stop-Loss Order".

You would generally choose to place a Stop-Loss Order to provide some risk protection. Stop-Loss Orders are commonly used to exit positions and to protect investments in the event that the market moves against an Open Position.

For example, if your Open Position moves towards making a loss based on a level chosen by you, the Stop-Loss Order would be triggered in order to try to close your Open Position or to open a position, depending on the type of Transaction you have entered into and are seeking to close out.

Stop Orders to sell are placed below the current market level and your Stop-Loss Order would be executed i.e. triggered if our Bid Price (for a Stop-Loss Order that requires an Order to sell an SCM Product) moves against you to a point that is beyond the level specified by you (and accepted by us). Conversely, Stop Orders to buy are placed above the current market level and your Stop-Loss Order would be executed

i.e. triggered if our offer price (for a Stop-Loss Order that requires an Order to buy an SCM Product) moves against you to a point that is beyond the level specified by you (and accepted by us).

All Stop-Loss Orders are subject to agreement between SCM and the Client, so you cannot be assured that you will always be able to have a Stop-Loss Order. While SCM has absolute discretion whether to accept a Stop-Loss Order, we will generally try to do so, subject to market conditions and the reasonableness of your Stop-Loss Order. Your Order may be unreasonable if, for example, the level you have specified is beyond the level allowed for Orders for the Underlying Instrument or trading in the Underlying Instrument has been halted or suspended on the relevant Exchange or market.

Even if we accept your Stop-Loss Order, market conditions may move against you in a way that prevents execution of your stop-loss Order. For example, in volatile markets, our quoted prices might move down below (or “gap” through) your Stop-Loss Order level, so that the closing level of quotes may be beyond the exact level specified by you. A gap in market prices reflects the market for the Underlying Instrument, so can occur for any reason, without any apparent reason or at any time. Additionally, it may be that not all of the Stop-Loss Order can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the Underlying Instrument to allow SCM to hedge its transactions which it makes in order to completely fulfil your Stop-Loss Order. If the opening price of the Underlying Instrument is beyond the level of your Stop-Loss Order, your Order will be filled at the opening level, not at your Stop-Loss Order level.

9.6 Stop Limit Order

A Stop Limit Order is a variation of a Stop Order, with a lower/higher limit price to suspend trading if the price in the Underlying Instrument falls/rises too far before the Order is filled. This effectively restricts trading to a defined price range.

A Stop Limit Order is a variation or particular kind of Stop Loss Order with a lower/higher limit price to suspend trading if the price falls/rises too far before the Order is filled. This effectively restricts trading to a defined price range.

A Stop Limit Order means that the Order will not get filled at all beyond the limit of the Order. This means that if the new or opening price gaps beyond your Stop Limit Order, your Order will not be filled at all.

9.7 Trailing Stop Loss

A Trailing Stop Order is a Stop Order where the stop price tails the Spot price. As the market rises (for Long Positions) the stop price rises according to the proportion you set, but if the market price falls, the stop price remains unchanged. This type of Stop Order helps you set a limit on the maximum possible loss without limiting the possible gain on a position. It also reduces the need to constantly monitor the market prices of Open Positions.

Example: you expect the price of the Underlying Instrument to rise and reach at least 1.5710 by end of the day. You open a Long Position at 1.5680. To limit any potential loss, you place a Trailing Stop Order at 1.5670 with a distance to market of 10 and a trailing stop of 5. During the day the market rises as predicted and the trailing stop follows. When the price suddenly drops to 1.5700, the trailing stop price has reached 1.5705 and is triggered. You have thereby not only

protected your initial investment, but you have also managed to keep a good proportion of the profits.

When setting the stop price you should be careful not to set it too close to the current market price, especially in a volatile market, as the stop price might be reached before the price starts to go up/down as you expect. On the other hand you should carefully consider how much you can afford to lose, if your prediction does not hold.

In any case, a Stop Loss Order, of any kind, is not a guarantee that it will actually be made. This is the case with any Order you place (and which is accepted by SCM) as long as it is made in accordance with the General Business Terms. For example, SCM’s Hedge Counterparties are required to ensure there is an orderly market, so their trading may be stopped by them or modified (by way of converting a Stop Loss Order to them to a Stop Limit Order) in order to comply with their obligation to maintain an orderly market. That means the Stop Loss Order you place with SCM will be similarly affected, since SCM hedges its positions with you by making corresponding Orders with its Hedge Counterparty.

10. MARGIN OBLIGATIONS

10.1 SCM’s Margin principles

SCM applies the following main Margin principles:

- (a) Each Client must provide a minimum required amount of Margin, or premium in the case of an Option, before being issued an SCM Product (**Margin Requirement**). You do this by providing at least the Initial Margin (plus other costs, fees and charges detailed in Section 12).
- (b) The minimum Margin Requirement and the timing and amount of each Margin Call are determined by SCM at our discretion based on a number of factors, including the market price of the Underlying Instrument, the Margin required to hedge the Underlying Instrument, the Margin which SCM is required to pay its Hedge Counterparty and SCM’s risk assessment of the Client, and any unrealised loss on your Trading Account at any point in time.
- (c) Each Client must provide all Margin required by SCM and maintain at all times the required amount of Margin. If you do not maintain the required Margin at all times or you do not pay the required Margin Call called for by SCM by the required time, we may in our reasonable discretion reduce your exposure by Closing Out one, or more, or all of your Leveraged Open Positions with us without notice to you and you remain liable to pay us any remaining shortfall. If you use Approved Collateral to meet Margin Requirements and there is a shortfall, or you do not meet the required Margin Call, SCM reserves the right to sell the Approved Collateral you have applied to the extent required.
- (d) In accordance with our Margin policy, no Client receives any substantial benefit or waiver from the Margin Requirements.
- (e) The total amount of Margin required of, and provided by Clients trading in SCM Products is more than SCM is required to pay its Hedge Counterparty, with the surplus being retained in the Segregated Client Account.

10.2 Providing Margin

You must hold the Initial Margin before an SCM Product is issued to you. You must then at all times maintain the minimum amount of Margin required by us. Separately, you must pay any further Margin we call for you to pay.

To provide Margin by Cash you must first deposit the funds into the Segregated Client Account. The funds are then credited to your Trading Account. Funds are only deemed available when your payment to SCM is cleared and booked into your Trading Account.

SCM may, in its discretion, choose to credit your Trading Account before it withdraws your money from the Segregated Client Account.

10.3 How is Margin calculated

The minimum Initial Margin will be set by SCM and calculated as a percentage of the full face value of the SCM Products issued to you at the current market price (market exposure) of the Transaction.

Owing to the volatility of the market, the amount of required Margin may change after a position has been opened in SCM Products. If this occurs, SCM may call for you to pay additional Margin because your initial payment has become insufficient. Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes, so those calculations might not cover all market movements and since those Margin Requirements can change rapidly and continuously, you need to ensure your Margin Utilisation is below 100% at all times otherwise you risk some or all of your positions being automatically Closed Out.

Here is an example of calculating Margin Utilisation: You deposit \$10,000 into your SCM Trading Account and you enter into a Transaction and that requires you to pay Initial Margin of \$8,000. Your Margin Utilisation is now 80%. A short time later, there are fluctuations in the market such that your unrealised loss on your Account is \$2,000. As a result, your Margin Utilisation has reached 100% and therefore you have no capacity to enter into further Transactions (except to Close Out your Open Position) and you are at risk of being Closed Out if there are further adverse movements in the pricing.

Under the General Business Terms, your obligation to provide Margin arises from the time you have an Open Position. If the market moves so as to increase the minimum Margin Requirements, or SCM increases the minimum Margin Requirement, you are immediately required to increase the amount of the Margin Cover. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account. In other words, you will be required to provide the required Margin whether or not we call for additional Margin. and are solely responsible for monitoring your positions and providing the required level of Margin.

You might receive notice about Margin Requirements by email, or when you access the Trading Platform.

The values of your positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin Requirements for your Account. However, when trading on the Exchange relevant to the Underlying Instrument is closed, some Margin Requirements automatically increase.

10.4 Margin Calls

SCM will notify Clients of Margin Calls as their Margin Utilisation approaches a possible breach and/or has breached the Margin Requirement. Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin Calls by providing additional Margin in order to meet and not breach the Margin Requirement at any given time.

You should be aware that sometimes (such as in unusually volatile market conditions or where market prices fluctuate rapidly), notwithstanding that a Margin Call had been notified to you, little or no time may be afforded to you to fund your Account if your Margin Utilisation nears, reaches or exceeds 100% within that period, at which point SCM is entitled to reduce your exposure by closing one, several or all of your open margin position or part of an open margin position in the your Account, without assuming any responsibility towards you for such action.

10.5 Margin Close Out

If you have insufficient Margin in your Account to satisfy the Margin Requirement, and you do not have enough funds (including Open Position profits or losses and any amounts held as Approved Collateral) in your Account to cover your Margin Requirement, we may in our reasonable discretion reduce your exposure by Closing Out one or more or all of your Leveraged Open Positions with us, without notice to you.

10.6 Negative Account Balance

If you have a negative account balance in your Trading Account (i.e. the amount standing to your Trading Account is negative (less than zero), then you must pay funds to us, or apply Approved Collateral (if applicable), to restore your Trading Account balance to a positive level.

10.7 Return of Margin-Withdrawal funds

If you Close Out a Transaction (realising a gain) and your Account has a net credit balance above any remaining minimum required Margin, you may request payment of the Withdrawable Funds.

SCM will determine if that is permissible and if so it will arrange for the permitted amount to be paid into your nominated bank account.

11. CLIENT MONEY

SCM holds Client money in a pooled “segregated” Client trust account operated by HSBC Bank Australia (Segregated Client Account). The Segregated Client Account is kept separate from SCM’s own money and assets.

Although Client money is pooled together in the Segregated Client Account, SCM will not use money deposited by (and belonging to) one Client to meet the loss of another Client. Moreover, SCM does not use Clients’ money in the Segregated Client Account for its own purposes, including to settle its own dealings with the Hedge Counterparty.

Client money (including deposits of Clients’ Margin) held in the Segregated Client Account is not withdrawn from the Segregated Client Account except as permitted under the Corporations Act.

To ensure SCM complies with the Australian Client Money Rules, SCM calculates the value of Clients’ funds in the Segregated Client Account

on a daily basis and reconciles this with the funds available in the Segregated Client Account.

SCM pays Client money into the Segregated Client Account on the day it receives that Client money, or if that is not possible, on the following Business Day.

In accordance with the Australian Client Money Rules, SCM is permitted to invest Client money held in the Segregated Client Account in a term deposit with an Australian ADI, and you irrevocably and unconditionally authorise SCM to undertake any such investments.

Any Client money invested by SCM as agreed by you in writing and as permitted by the Australian Client Money Rules is subject to a trust in favour of the Clients.

In accordance with the Australian Client Money Rules, you agree that:

- SCM will be solely entitled to any interest or earnings derived from the Client money invested by SCM;
- when the investment of the Client money is realised, the initial amount of Client money invested may either be reinvested as permitted by the Australian Client Money Rules or deposited by SCM into the Segregated Client Account;
- in the event that the amount received upon realisation of an investment of the Client money is less than the initial amount of Client money invested, the difference will be shared by Clients in proportion to their share of the total Client money held;
- SCM will not charge any fee to you for investing Client money.

SCM may make payments out of the Segregated Client Account in the following circumstances:

- (a) making a payment to, or in accordance with the written direction of, a person entitled to the money;
- (b) defraying brokerage and other proper charges;
- (c) paying SCM money to which it is entitled;
- (d) making a payment that is otherwise authorised by law or pursuant to the operating rules of licensed market; and
- (e) as otherwise permitted under the General Business Terms or any other agreement put in place between SCM and the Client.

SCM is entitled to keep interest earned on the Segregated Client Account, as disclosed in our General Business Terms available on our Website

Effective 4 April 2018, SCM complies with the ASIC Client Money Reporting Rules 2017 which applies to derivative retail client money and money that is or relates to a derivative that is not traded on an Australian domestic licensed financial market (Reportable Client Money).

In accordance with the rules, SCM performs daily and monthly reconciliations of the amount of Reportable Client Money held in the Segregated Client Account and the amount recorded in SCM's records.

SCM maintains the following records:

- the amount of Reportable Client Money it has received from, on behalf of, or for the benefit of each client; and
- the total amount of Reportable Client Money it has received from, on behalf, or for the benefit of all clients.

SCM has an obligation to report to ASIC any difference identified between the amount of Reportable Client Money held in the Segregated Client Account and the amount recorded in SCM's records.

SCM also has additional obligations to provide annual declarations to ASIC on SCM's compliance with these rules.

11.1 Client money on risk

You should be aware that holding Client money in the Segregated Client Account does not protect you from a deficit in the Segregated Client Account. However, it is our policy to ensure that there is never a deficit on the Segregated Client Account.

If there were to be a deficit in the Segregated Client Account, and in the unlikely circumstance that we became insolvent before we could make up that deficit, our Clients would be unsecured creditors with respect to the amount of the deficit in the Client Segregated Account.

If we were to become insolvent, as an unsecured creditor you would need to submit to the liquidator appointed to us proof of the balance of our debt to you, as evidenced by your Account statements.

11.2 Consequences of withdrawals from the SCM Segregated Client Account

Money is withdrawn from the Segregated Client Account either to pay SCM or to pay you. Money withdrawn to pay SCM is SCM's own money (and is not held for you).

Whilst under the Corporations Act SCM is entitled to use any Client's moneys in the Segregated Client Account for meeting Margin and settlement obligations of any other Client trading in SCM Products, it is SCM's policy not to do so.

From the time of withdrawal of money from the Segregated Client Account:

- you lose the protections given to money held in a client moneys trust account of that kind;
- you are an unsecured creditor of SCM for its obligations in respect of the SCM Products and your other dealings with SCM. This includes exposure as an unsecured creditor for payment to you of the net Account balance (if any) after closing all of your Open Positions;
- you are not beneficially entitled to any money paid by SCM to manage those hedge contracts nor do you have any beneficial interest in those hedge contracts unless there is a trigger event.

SCM reduces the risks to you arising from withdrawals from the Segregated Client Account by:

- ensuring that the Segregated Client Account is dedicated only for Clients using an Account (and not mixing SCM's own moneys in it);
- having no proprietary trading (except for managing error transactions); and

- managing all Client's Margin Requirements in accordance with a Margin policy designed to reduce risk to SCM and therefore benefit all of its Clients.

12. COSTS, FEES AND CHARGES

The key costs, fees and charges for the SCM Products and the SCM Services are as set out in this Section 12.

MORE DETAILS ON THE APPLICABLE COSTS, FEES AND CHARGES FOR THE SCM PRODUCTS AND SCM SERVICES ARE AVAILABLE ON SCM'S WEBSITE

12.1 Transaction Fees

Transaction fees for SCM Products & SCM Services can be set as commissions, spread, dollar amount per volume quantity, dollar and cent per contract or percentage of position face value including minimum ticket fee.

The amount of the Transaction Fee charged, and the way in which it is calculated may vary depending on a range of factors, such as the type and level of service required, and the frequency and size of Transactions, the individual SCM Product or the particular SCM Service.

All Transaction Fees are charged in the currency in which the SCM Product and SCM Service is denominated unless otherwise specified and then converted at the relevant SCM market exchange rate into the Base Currency of your Trading Account, refer to Section 7.

Details of the Transaction Fees are included in your Account statement. This is an online report that you can access and print upon demand and can be accessed via the Trading Platform .

Transaction Fees are applicable when opening new positions and closing existing positions – see the examples below.

Details of our current standard Transaction Fees, general administrative fees and charges, exchange access fees, default interest rate, standard minimum ticket fees and thresholds and Bond trade commissions are all available on the SCM Website.

12.2 Effect of fees and charges on profits and losses

It must be noted that all trades attract Transaction Fees regardless of whether you are opening a new position or closing a current position. As a result, Transaction Fees will have a marked effect on your realized profits and losses.

When closing out a profitable position, the realized profits will be reduced by the total amount of the Transaction Fee applicable for that trade.

When closing a losing position, the total Transaction Fees applicable to the closing trade will be added to the realized loss amount.

12.3 Effect of fees on multi leg trading strategies

Regardless of whether multi leg positions are initially traded as a spread or as separate trades, all legs of any strategy will attract the

usual Transaction Fees and charges as if each leg was a separate trade and position.

Multi leg positions may be traded as any number of strategy types across all offering types including but not limited to FX, FX Options, CFDs, Futures, Options on Futures.

12.4 Default interest on unpaid amounts or any negative balances in your account

If you fail to pay when due any amount payable as per the General Business Terms or if there are any negative balances in your Account and/or Trading Account, we may charge you default interest on that amount calculated using an interest rate which is the relevant Inter-Bank or Market Offer/Bid Rate plus the current interest rate (%), available on the SCM Website This applies to all SCM Products and SCM Services.

Unless specifically agreed otherwise interest is calculated on the basis of the Net Free Equity or Account Value on each individual account or sub-account. You will therefore be charged interest on the full negative Net Free Equity or Account Value on any account despite having a positive Net Free Equity or Account Value on another account. When operating several sub-accounts, you may therefore be charged interest despite having an overall (accumulated) positive Net Free Equity.

12.5 Rollover Charges

If a client opens opposite positions in the same currency cross on the same account, such positions will cancel each other out. However, if such opposite positions are opened on different sub-accounts, they will not cancel each other out. A spot trade that is not closed by the client at the end of the trading day will be rolled over on a daily basis (i.e. "swapped" for a similar position expiring the next day). A spot trade being rolled over will incur a charge (the "tom-next rate"). The "tom-next" rate is calculated on the basis of market swap prices from Tier-1 banks, plus/minus a mark-up corresponding to +/- 0.45% of the tom/next interest swap rates. Please be aware that keeping opposite positions open on different sub-accounts will result in both positions being continuously rolled over (and thereby continuously being charged the "tom-next rate") until manually closed. Please note that a Finance Interest (in addition to the "tom-next" rate) is applicable to rollovers: please see Section 12.13 for more details.

The operation of sub-accounts may therefore imply additional costs for the client. The example above regarding currency trading is applicable to other instruments as well if a client holds long and short positions in such instruments on different sub-accounts.

12.6 Currency conversion calculation fees

These fees apply to the SCM Products and SCM Services as follows:

- Funds transferred from our trust account will be converted at the current Spot rate minus 0.75%. The 0.75% is a conversion calculation fee we charge you;
- Realised profits and losses will be converted at the rate at the close of the New York markets (5pm NY time) plus or minus 0.75% of the closing market rate. The 0.75% is a conversion calculation fee we charge you.
- where you deal in a Futures contract, Option, CFD or an FX Contract that is denominated in a currency other than

Australian dollars, a currency conversion calculation fee of 0.75% will apply.

0.75% applies to Clients on the Classic tier. For more information on rates applicable to other Client tiers, please refer to the SCM Website.

12.7 Minimum ticket fee for the SCM services

A minimum ticket fee may apply to all SCM Products and SCM Services. The minimum ticket fee will be determined based on the size of the executed trade and whether the minimum trade threshold has been met. The minimum ticket fee is in the form of a set dollar amount.

The particular currency the minimum fee is charged in is determined by the trade currency for the Transaction that a Client enters into. The minimum ticket fee applies to the provision of the SCM Products and SCM Services.

12.8 Mark to market payments

At the close of business on each business day during the term of a Futures, CFD or FX Contract you hold, we will determine the contract value of that Futures, CFD or FX Contract. If the change in the contract value at the close of business means that you have incurred a loss, we will charge you the amount of that unrealised loss. This charge applies to Futures, CFDs and FX Contracts only.

12.9 Exchange access fees

- (a) To receive real-time market data for CFDs, CFD DMA or Futures trading, you will have to subscribe to the individual Exchanges. You will incur monthly subscription fees for the data you elect to receive in real-time.

12.12 General Charges

Some general charges (which are not exhaustive) that SCM charges for the use of the Trading Platform include:

CHARGES	AMOUNT
Deposit	No charges by SCM, entire received amount will be booked into client's trading account
Withdrawal – via Cash Withdrawal Module	No charges by SCM
Withdrawal – via Client Withdrawal Request Form	AUD \$30.00 per client withdrawal request form
Inter-account transfer	0.75% conversion fee (for clients on the Classic tier) if transfer is done between accounts of 2 different currencies. For more information on rates applicable to other Client tiers, please refer to the SCM Website.
Returning 3rd party incoming funds	Amount returned less any incurred bank charges.
Rejected outgoing funds	Amount returned less any incurred bank charges.
Exchange fees	Refer to SCM's Website
Account opening	No charges
Account closing	No charges
Stock transfer (In)	No charges

- (b) Where Clients for the SCM Services subscribe to real time market data, SCM will introduce a refund scheme where fees are refunded per Exchange, should Clients trade a minimum of four (4) times across both Listed Equities and/or CFDs during each calendar month. For ASX the minimum is six (6) trades.
- (c) Refunds are only applicable for Clients trading in listed equities who come within the definition of “non-professional subscribers”. Client and who subscribe to level 1 data, except in the case of the ASX, where the refund applies to level 2 data. The definition of non-professional and professional subscribers may vary depending on the Exchange. Refunds are calculated on a monthly basis and paid out on a quarterly basis.

These fees apply to certain SCM Products and SCM Services only: Trading in Listed Equities, CFDs and Futures.

12.10 Administration Fees

Other general administrative fees and charges may apply to the SCM Products and SCM Services.

12.11 Carrying Cost

Carrying costs may apply to certain SCM Products (including but not limited to Listed Options and Futures Contracts). For example, when short positions on Listed Options and Futures Contracts are being held overnight, a carrying cost (calculated on the basis of the initial margin requirement) will be applied.

Carrying Cost = Initial margin * Holding time* (Relevant Interbank rate + Markup) / (365 or 360 days).

Stock transfer (Out)	AUD \$50.00 per ISIN*, maximum fee AUD \$200.00 *International Securities Identification Number
Phone and email manual order fee	SCM may at its discretion charge a manual order processing fee of EUR 50 per order.

12.13 Financing Charge on Long positions

(a) CFD Finance Charge on positions for CFDs

If you hold a Long or Short position overnight you will pay a Finance Charge on the CFD Open Positions, except for Commodity CFDs which will incur a Carrying Cost. The Finance Charge is based on the nominal value of the trade, whereas the Carrying Cost is based on the Margin Requirement of the trade. For more information on our Finance Charges, please refer to the SCM Website..

The calculation for an overnight Finance Charge for each day that a long or short CFD is held overnight is as follows:

$$CV \times (CFD\ BR) / 360 \text{ or } 365^*$$

(*360 or 365, depending on your chosen Underlying Instrument)

Where:

CV is Contract Value of the CFD Open Positions, at the time the CFD is established, held overnight.

CFD BR is the CFD Base Rate.

By way of example, using the calculation for a Long Share CFD position held overnight for a share whose currency has a relevant interest rate of 0.5% used for the CFD Base Rate with a mark-up of 3.5%, the charge you may incur would be calculated as follows:

$$\$5,000 \times (4\%) / 365 = \$0.55$$

Where:

CV is \$5,000

CFD BR is 4% p.a. (i.e., 0.5% plus 3.5% p.a.)

No Finance Charge is paid if you open and close a CFD position on the same day.

(b) Financing Interest on Spot FX

If you hold a Long or Short position overnight, you may be debited or credited a Finance Interest or payment on the Open Positions.

The calculation for an overnight Finance Interest debit or credit for each day that a Long or Short position is held overnight is based on a rate that is on the daily market overnight interest rates plus/minus a mark-up corresponding

to +/- 2.00%. The final rate is used to adjust the opening price of the position.

A Finance Charge will be debited or credited plus or less a rollover fee if you are long the higher yielding currency.

By way of example, for a Short Margin FX contract position held overnight, assume the interest rate in the Base currency is 5% and the interest rate in the Terms Currency is 10% the rate of exchange is 0.7500, the charge you may incur would be calculated as follows:

Where:

Base currency is \$100,000

Terms currency is \$75,000

Exchange rate is 0.7500 or in other words 1 unit of the base currency equals three quarters that of the Terms Currency.

Base currency

$$\$100,000 \times 5\% / 365 = \$13.69 \text{ (interest)}$$

Convert interest in Base currency to Terms Currency

$$\$13.69 \times 0.7500 = \$10.256$$

Terms Currency

$$\$75,000 \times 10\% / 365 = \$20.54$$

So, in the case where you are long the lower yielding currency it will cost you \$10.27 in the Terms Currency per day to hold the position.

No Finance Charge/credit is paid or received if you open and close a position on the same day.

12.14 Borrowing Costs on Short CFD

If you hold a Short CFD position overnight, you will pay a borrowing cost Finance Charge on the CFDs Open positions held overnight. This borrowing cost is dependent on the liquidity of the shares and may be zero for highly liquid shares.

The borrowing rate expressed as a percentage will be fixed when the CFD position is opened and will be charged on a monthly basis.

The specific borrowing rate for a specific Underlying Instrument is disclosed on the Trading Platform in the CFD Trade module in the 'Estimated borrowing cost per day' field.

If you open and close a CFD position within the same trading day, you are not subject to Borrowing Costs.

12.15 Account Interest on Account and Trading Account Balance

There may be Account Interest debited from your Account and to each Trading Account if you have negative Net Free Equity on your Account and/or negative Account Value on any of your Trading Account(s)

Correspondingly, there may be Account Interest credited to your account if you have positive Net Free Equity on your Account and/or positive Account Value on any of your Trading Account(s)

Retail Accounts

Positive Account Interest: Only for aggregate Net Free Equity and/or Account Value above USD 15,000 at a rate of higher of market bid rates minus 3 % and zero.

Negative Account Interest: Negative Net Free Equity and/or Account Value at market ask rates plus 8%, but never less than 8%.

Corporate Accounts

Positive Account Interest: The higher of market bid rates minus a mark-up and zero.

Negative Account Interest: Market ask rates plus a mark-up, however never less than the mark-up.

As of 1 March 2017, SCM will charge negative interest rates on our standard offering in relevant reference currencies. The charge will apply to balances above the threshold currently indicated below

On the Account, this threshold will be applied to the available Net Free Equity and, in the case of Trading Accounts to the Account Value. The negative interest will be calculated daily for the account credit balance exceeding the threshold and debited to the Account and/or Trading Accounts at the end of each month for the interest period of the previous month.

The rates charged are subject to change.

Threshold Negative interest rate (p.a.)

EUR	250,000	-0.40%
CHF	250,000	-0.75%
DKK	2,000,000	-0.65%
SEK	2,500,000	-0.50%

Since the Net Free Equity is calculated on open trade positions on all your accounts, it is important to make sure that sufficient cash is available on your main account. Otherwise, you risk being subject to a debit interest on your main account exceeding the credit interest payable on your sub-account(s).

SCM may at any time without prior notice apply different rates according to different tiers of volume of trading and may choose not to credit any Account Interest at all or not if the Net Free Equity and/or Account Value falls below limits set by SCM from time to time.

12.16 External Fees, Taxes and Charges

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of Transactions (except for any income tax payable by SCM). Bank

charges and fees imposed on SCM to clear your funds or in respect of your payments will also be charged to your Account.

The General Business Terms may allow SCM to impose other fees or charges from time to time which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the contract itself).

13. TAXATION

13.1 Introduction

Trading in SCM Products may have significant taxation implications for you, depending on your personal circumstances. SCM provides execution-only services to a Client and does not provide any legal or tax advice. We recommend that you obtain independent professional taxation advice on the taxation implications applicable to your personal facts and circumstances.

The following tax summary is for Australian resident investors only and is based on the taxation laws in Australia current as at the date of this PDS. The tax summary assumes that you will hold the SCM Products on revenue account, i.e. you will be carrying on a business of either trading or investing in these types of financial products or you will enter into the financial products for profit making purposes (or both). The summary does not consider the taxation position if you enter into the SCM Products for the purposes of hedging risks associated with other investments held by you on capital account, or for the purposes of recreational business gambling. The summary is general in nature and is not intended to constitute legal or tax advice.

13.2 Taxation consequences of a CFD

The taxation of CFDs is set out in an ATO public ruling, Taxation Ruling TR 2005/15 which broadly states that if you enter into a CFD in the ordinary course of your business or for profitmaking purposes, it is likely that any profit derived or loss incurred by you will be included in, or allowed as a deduction from, your assessable income. A copy of TR 2005/15 is available from the ATO's website www.ato.gov.au.

Any profit (or loss) arising in respect of a CFD should be included in your assessable income (or allowed as a deduction) at the time the profit or loss is realised for tax purposes. Realisation will generally occur when the CFD is closed out.

13.3 Taxation of FX Contracts and Metals Contracts

Any realised gains derived or losses incurred by you in respect of a FX Contract or a Metals Contract should ordinarily be included in your assessable income. Realisation will generally occur when the right or obligations to receive or pay the contract ceases.

The cost of acquiring an option contract for FX or Metals (for example a premium paid for a call option or a put option) is generally treated as a cost of acquiring or disposing of the Underlying Instrument for the purposes of determining the gain or loss on realisation. In general, if such an option expires without being exercised, a premium received (or paid) for the grant of the option is treated as an FX or Metal (as the case may be) gain (or loss).

13.4 Interest received on your trading account

Interest you receive on your Trading Account is likely to be treated as assessable income for Australian tax purposes at the time that it is credited to the Trading Account.

13.5 Tax Losses

The availability of tax deductions or losses incurred as a result of entering into SCM Products to offset current or future year income will depend on your personal circumstances.

13.6 Taxation of Financial Arrangements

There are specific rules that set out the method by which gains and losses from financial arrangements will be brought to account for Australian tax purposes (referred to as the Taxation of Financial Arrangements (TOFA)).

The TOFA rules will apply to financial arrangements held by certain investors whose assets or aggregated turnover exceeds specified thresholds. The TOFA rules will also apply to you if you have made an election to apply the TOFA rules to your financial arrangements.

SCM recommends that you seek your own taxation advice as to the implications of the TOFA rules to you.

13.7 Tax File Number Withholding Rules

The Tax File Number (TFN) withholding rules only apply to those investments as set out under the income tax legislation. SCM's current understanding is that the TFN withholding do not apply to its financial products covered by this PDS (other than interest credited to your Trading Account). However, if it is later determined to apply that you have not provided SCM with your TFN (or ABN if applicable) or an exemption category, SCM may be obliged to withhold amounts from interest payments at the highest marginal tax rate (plus any levy) and remit that amount to the ATO.

13.8 Goods and Services Tax

With the exception of the fees and charges as set out in this PDS, amount payable in relation to the trading of the SCM Products should not be subject to goods and services tax on the basis that the SCM Products (including some ancillary costs) are financial services for GST purposes. As such, they are input taxed and no GST is payable on their supply.

Whether an input tax credits are available to with respect to GST that may apply to certain fees and costs charged to you will depend on your personal circumstances.

14. FURTHER CONSIDERATIONS

14.1 SCM Discretions

SCM has a number of discretions under the General Business Terms and as disclosed in this PDS. SCM's exercise of these discretions can affect you and you do not have any power to direct how we exercise these discretions.

Our significant discretions include:

- whether to accept your application to open an Account with us;

- whether to accept your Order (including to Close out an Open Position);
- any risk limits or other limits we impose on your Account or your trading with us;
- determining Margin Requirements, especially the amount of Initial Margin, minimum Margin Requirements, the timing of a Margin Call and the time to meet any Margin Call, requirements for Approved Collateral;
- determining values of Underlying Instruments (for opening and closing positions and for determining Margin);
- setting bid and offer prices; and
- closing your positions and setting Closing Value.

Notwithstanding SCM's broad discretions to act, SCM must comply with its obligations as an AFSL holder to act efficiently, honestly and fairly.

14.2 Cooling Off

No cooling off rights apply to the SCM Products, which means that you have no right to cancel the SCM Products.

14.3 Social, Environment and Ethical Consideration

The SCM Products do not have an investment component. SCM does not take into account labour standards or environmental, social or ethical considerations when dealing in the SCM Products.

14.4 Privacy Policy

SCM has obligations under the Privacy Act 1988 (Cth) (including the Australian Privacy Principles) on how we handle Clients' personal information.

We may collect information from you such as your name, address, phone number, email address, age and information regarding SCM Products and SCM Services you inquire about or trade with us. We may collect this information when you give it to us directly in your application form, when you use our SCM Products and SCM Services, call us or visit our website so that we may conduct business with you. We are also required under the AML Laws to collect personal information about you prior to the opening of an Account with us and on an ongoing basis. If you do not provide us with all the information we consider to be compulsory we may be unable or limited in the services or financial products we can provide to you.

All of the information collected by SCM is for the purpose of:

- Providing you with any product or service provided by SCM or related company, including assessing your application, administering any facility you have with us, executing instructions and complying with our legislative and regulatory obligations relating to the SCM Products or SCM Services;
- Meeting our ongoing obligations to you in providing you with the SCM Products and SCM Services;
- Meeting our external obligations, such as with regard to third party systems and relationships, in order to provide you with the product or service;
- Meeting our obligations under applicable laws, such as customer identification requirements under the AML Laws and compliance requirements under the Corporations Act;
- Protecting against fraud; and

- To contact you with information about SCM Products or SCM services that you might be interested in.

If you do not wish us to send you information on our SCM Products or SCM Services, please tell us and indicate in the application form.

Your personal information may be disclosed to:

- any person acting on your behalf, including your adviser, accountant, solicitor, executor, attorney or other representative;
- related bodies corporate of SCM if you use, or intend to use, services of those other corporations;
- any organisations to whom SCM outsources administrative functions;
- Introducing Brokers or agents who refer your business to SCM (so that we may efficiently exchange information and administer your account);
- regulatory authorities;
- as required or permitted by law or by court order.

Your personal information will not be disclosed to any other person apart from those disclosed in the Privacy Policy without your consent.

SCM may disclose your personal information to SCM's agents and service providers and Saxo Group and its affiliates. In order to use and disclose your personal information for the purposes stated above, SCM may be required to transfer your personal information to entities located outside Australia where it may not receive the level of protection afforded under Australian law. By agreeing to the General Business Terms, you consent to your personal information being transferred overseas for these purposes.

You may access your personal information held by SCM (subject to permitted exceptions), by contacting SCM. We may charge you for that access.

As SCM is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any of the personal information you have provided to us changes. We may request proof of identification for verification processes.

For further details regarding how we maintain your personal information, refer to our Privacy Policy available on our Website.

14.5 Anti-Money Laundering and Counter Terrorism Financing

SCM is subject to AML Laws and SCM is required to verify your identity before providing SCM Products and SCM Services to you, and to re-identify you if it considers it necessary to do so. SCM will perform Know Your Client (KYC) checks for each person who is an authorised signatory of an Account including Attorneys. SCM is required to keep any documents, it receives to verify your identity for periods as may be mandated by applicable laws.

As a result of the measures and controls that have been implemented to ensure compliance with the AML Laws, SCM may decide to refuse any transactions on your account or to freeze your funds if there are reasonable grounds to suspect that the transaction breaches the law, and SCM will not be liable for any loss you suffer (including indirect losses) as a result of its compliance with the AML Laws.

SCM has certain reporting obligations under the AML Laws and may be prevented from informing you that any such reporting has taken place. Where required by law, SCM may disclose the information gathered to regulatory or law enforcement agencies including AUSTRAC.

14.6 Professional Indemnity Insurance

SCM has professional indemnity insurance in place which complies with the relevant provisions of the Corporations Act. This policy covers loss or damage suffered by retail clients due to breaches of any obligations on the part of SCM or our representatives in accordance with the Corporations Act.

15. DISPUTE RESOLUTION

SCM wants to know about any problems you may have with the services we provide to you so we can take steps to resolve the issue. If you have a complaint about an SCM Product or an SCM Service provided to you, please contact us via e-mail at ComplianceAU@saxomarkets.com, or put the complaint in writing and send it to:

The Compliance Officer

Saxo Capital Markets (Australia) Pty Ltd Level 25
2 Park Street
Sydney NSW 2000

Saxo Capital Markets will provide acknowledgement of receipt of written complaints within 2 business days and seek to resolve and respond to complaints within 45 days of receipt. The Compliance Officer will investigate your complaint, and provide you with our decision, and the reasons on which our decision is based.

Saxo Capital Markets is also a member (No.12002) of the Australian Financial Complaints Authority (AFCA), a free, fair and independent dispute resolution scheme. If you are dissatisfied with the outcome, you have the right to lodge a complaint with AFCA, contact details are below. You may also make a complaint via the Australian Securities and Investments Commission, free call Info line on 1300 300 630. The contact details for AFCA are:

Australian Financial Complaints Authority

GPO Box 3, MELBOURNE VIC 3001
Email: info@afca.org.au Toll free: 1800 931 678
Website: <https://www.afca.org.au/>

16. GLOSSARY

Account means your account with SCM established under the General Business Terms, including all Trading Accounts and all Transactions recorded in them, for using SCM Trader.

Account Value means the current value of your Account which is calculated by SCM by combining the value-dated cash balance of the Trading Account, plus or minus the value of any unrealised profits or losses from open CFDs, FX Forwards and Futures on the Trading Account and plus the market value of any FX Options on the Trading Account.

AFSL means Australian financial services licence issued under the Corporations Act.

AML Laws means the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth) and any related regulations, rules and instruments.

Approved Collateral means securities or other assets included on the list of acceptable collateral (as amended from time to time) available on our Website

ASIC means the Australian Securities and Investments Commission.

Ask price a current market price is made up of a level at which you can sell and a level at which you can buy. The level at which you can buy is always the higher of the two prices and is called the Ask Price.

ASX means the securities and other Exchanges operated by ASX Limited.

Australian Client Money Rules means the provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions and ASIC regulatory guidance relating to Client money

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

Base Currency means the second denominated currency in a currency pair. Also refers to the currency the profit or loss the position is in.

Bid price a current market price is made up of a level at which you can sell and a level at which you can buy. The level at which you can sell is always the lower of the two prices and is called the bid or Bid Price.

Bid/Offer spread has the same meaning as Spread.

Bond means a security that enables governments and large companies to borrow money. A Bond involves an investor lending a specific sum of money (the face value) to the Bond issuer for a specific length of time (the term). Typically, the issuer promises to make regular payments of interest at a rate that's set when the Bond is issued and to repay the face value at maturity.

Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney, Australia.

Cash Withdrawal Module withdrawal cash and inter account transfer modules in the Trading Platform.

CFD means a contract between the parties to pay in cash the difference in prices / index levels of the Underlying Instrument on the terms of the General Business Terms, whose term continues until the Closing Date.

CFD Base Rate means the amount nominated by SCM for this term from time to time, as notified to you (including through the Trading Platform) or posted on its website.

- (a) In the absence of any valid nomination, when you hold a long CFD position overnight, the CFD Base Rate for a Finance Charge debited to your Account (or Trading Accounts) is the prevailing overnight relevant Inter-Bank or Market Offer Rate plus a mark-up. The mark-up is disclosed in on the SCB Website.
- (b) In the absence of any valid nomination, when you hold a short CFD position overnight the CFD Base Rate for a Finance Charge credited to your Account (or Trading Accounts) is the prevailing overnight the relevant Inter-Bank or Market Bid Rate less a mark-down. If the rate calculated by applying the relevant Inter-Bank or Market Bid Rate minus the mark-down results in a debit as opposed to a credit, then this will be the CFD Base Rate for a Finance Charge to be debited to your Account (or Trading Account). The mark-down is disclosed on the SCM Website.

SCM is not authorised to publish the relevant Inter-Bank or Market Offer/Bid Rate on a continuous basis, but there are rates displayed on the Trading Platform which should be used for information purposes only.

Client refers to the person who has an Account with SCM.

Client Segregated Account means the bank account maintained by SCM as a trust account in accordance with the provisions of the Corporations Act. (It is not part of your Account).

Close Out, Closed Out and Closing Out in relation to a Transaction means discharging or satisfying the obligations of the Client and SCM under the transaction and this includes matching up the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

Closing Date means the date on which the CFD is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the General Business Terms.

Closing Value means the value determined by SCM by multiplying the number of your CFDs by the price (or, if an index, the level) of the SCM CFD at the Closing Date.

Contract Value means the face value of the SCM CFD and is calculated by SCM by multiplying the applicable price (or, if an index, the level) of the CFD by the number of CFDs.

Corporations Act means the Corporations Act 2001 (Commonwealth).

DMA means direct market access, one of the two pricing models offered by SCM for the SCM Products, as described in Section 8.1.

Exchange means any exchange or market on which a relevant Underlying Instrument or other financial product trades or, in the case of an index, it relates to.

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

FX Contract means an OTC contract or derivative contract which derives its price from the real time changes in the price on the Spot market of the particular currency which is the Underlying Instrument for that derivative.

FX Forward Contract (also referred to as “forward purchase contract”) derives its price or value from the changes in the value of a currency for delivery in the future, as calculated by reference to the interbank rates or SCM’s valuation of the forward value of the currency representing the Underlying Instrument.

Futures or Futures contract means a standardised agreement to buy or sell something (e.g. the Underlying Instrument) at a specified time in the future.

Futures Option means an Option contract traded over Futures contracts. These are the most common type of Options traded on a derivatives Exchange.

General Business Terms means the terms of your Account with SCM for all of your Trading Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with the current General Business Terms.

Hedge Counterparty means a party with whom SCM enters into a hedge contract to hedge SCM’s exposure to the SCM Products it has issued to you.

If Done Order means a type of order for SCM Products as described in Section 9.4.

Initial Margin means the amount which you are required to provide to SCM as the initial Margin for any Transaction which you propose to enter into.

Introducing Broker means a third party whom SCM has appointed to introduce it to potential clients for the SCM Products and SCM Services.

Leverage means the ratio of the size of a Transaction position to the size of the deposit. It allows traders to gain a large exposure with a relatively small outlay and **Leveraged** has a corresponding meaning and shall be construed accordingly.

Listed Equity means a share, unit or other equity interest listed and traded on an Exchange.

Long position or **Long** means a position taken in anticipation of a rising market. To go long means to buy.

Margin means the amount of cash paid to SCM or Approved Collateral provided to SCM (if applicable) and credited to your Account as Margin.

Margin Call means a notification and/or a reminder to client to top up and/or maintain sufficient Margin when an Account is approaching

failure to meet and/or failing to meet Margin Requirements. This could require further amounts to be deposited into the Account or for the Margin required in the Account to be reduced.

Margin Cover means the amount of Margin available for Margin Trading on your Account. It is calculated by SCM by subtracting from the Account Value: (i) the required Margin; (ii) that part of the value of Open Positions which are margin products which is not available to be counted as Margin Cover (usually shown as a percentage of the unrealised value of the margin product) and (iii) the value of non-margin positions which are non - margin products.

Margin Product means an SCM Product or a product traded in connection with the SCM Services which has a required Margin.

Margin Requirement means the minimum amount of Margin required to be held as cash or Approved Collateral as determined by SCM in its discretion and from time to time.

Margin Trading refers to any trading in any margin product.

Margin Utilisation is expressed as a percentage and relates to the proportion of the Account Value which you are utilising for Margin requirements. The purpose of the Margin Utilisation is to calculate and show simply in percentages how you are meeting your obligation to maintain sufficient Margin, for example, if the Margin Utilisation on your Account is above 100%, you have already failed to maintain the minimum required Margin and ordinarily you would already have received a Margin Call. The formula used by SCM to calculate this is:

$$\frac{\text{Margin Requirement}}{\text{Margin Cover}} \times 100 \text{ (expressed as \%)} \text{ (Margin Cover + Margin Requirement)}$$

Metals Contract means an OTC derivative which derives its price from the real time changes in the price in the Spot market of the particular metal (such as gold or silver) which is the Underlying Instrument for that derivative.

Net Free Equity means the cash balance of a client’s Account, plus or minus any unrealised profits or losses from open CFDs, FX Forwards and Futures on the client’s Account, plus the market value of any FX Options on the client’s Account

Minus any margin required for financing open positions on your main trading account and sub-accounts

Omnibus Account means an account held by a custodian with an Authorised Deposit - taking Institution, in which Securities held for more than one Client (beneficial owner) are commingled (i.e. pooled and held together) by the custodian (e.g. Saxo Bank).

Open Position means, at any time, a Transaction you have entered into which has not been Closed Out or settled prior to the time agreed for settlement.

Option means a type of derivative which confers the right but not the obligation to buy or sell some Underlying Instrument at a specified price “at a specified date (European or Vanilla style options) or before a specified date (American style options).”

Order means any order placed by you to enter into a Transaction.

OTC means over-the-counter, that is, not traded on a licensed or otherwise recognised exchange.

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

Power of Attorney means the document that enables a Client to appoint a person (called an “attorney”), to operate their Account on the Client’s behalf.

Saxo Bank means Saxo Bank A/S and its related bodies corporate, including SCM.

Saxo Group means all entities, including headquarters, branches, subsidiaries, representative offices and any other entities forming part of the Saxo Group from time to time

SCM means Saxo Capital Markets (Australia) Pty Ltd ABN 32 110 128 286; AFSL 280372.

SCM Products means the CFDs (share CFDs, commodity CFDs, Forex CFDs), FX Contracts, FX Option Contracts, and Metals Contracts.

Segregated Client Account means the segregated account in which SCM holds and deals with Client money in accordance with the requirements of the Corporations Act and our client money policy.

Share CFD means a CFD whose Underlying Instrument is a financial product traded on an Exchange and which itself is not a margin product. This covers Exchange-traded equities, units in listed funds, stapled securities, exchange traded funds (known as ETFs).

Share Index CFD means a CFD whose Underlying Instrument is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange. The S&P™/ ASX 200™ is an example, so a S&P™/ ASX 200™ Share Index CFD is a CFD whose Underlying Instrument is the S&P™/ ASX 200™ and the values are based on the index levels of the S&P™/ ASX 200™. The index sponsor has no involvement in the CFD.

Short position or **Short** means a position taken in anticipation of a falling market. To go Short means to sell.

Spot means the price for a currency, index, commodity or share for immediate settlement or delivery.

Spread means the difference between the buying and selling price for a particular market.

Surplus refers to all of the surplus funds from your payments to SCM not paid to SCM.

Terms Currency means the second currency quoted in a pair for an FX Contract, for example for the quote AUD/USD, the Terms Currency is the USD.

Trading Account means your main account and/or a sub-account of your Account with SCM (as applicable).

Trading Platform means any of SCM’s online trading platforms for trading in any SCM Products, as well as for accessing the SCM Services, made available by SCM from time to time.

Transaction means a trade entered into in an SCM Product or, in connection with the provision of the SCM Services, in an Exchange-traded product.

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

Underlying Commodity means the commodities such as oil, grains, softs, energies, gold and other precious metals which are the Underlying Instruments for SCM’s Commodity CFDs.

Underlying Futures Contract means the futures contract which is the Underlying Instrument for a Commodity CFD or Futures Option.

Underlying Index means the index which is the Underlying Instrument for an index CFD.

Underlying Instrument means the component which is used as the basis for the calculations of prices for your CFD, such as a share, units in a listed fund, units in an Exchange traded fund (ETF), a commodity, a share index or other item (or any combination of one or more of those).

Website means SCM’s website at www.home.saxo/en-au

Withdrawable Funds means positive Net Free Equity or Account Value in excess of any sums that may be payable to SCM, as applicable.

SCHEDULE 1

CONTRACTS FOR DIFFERENCE (INCLUDING SINGLE STOCK, INDEX, ETFS & ETCS)

1.1 Trading Example

We have set out in this Schedule some examples to illustrate the variables for a typical Transaction in CFDs and how they affect the calculations. The variables of your actual Transactions in CFDs will, of course, differ, so please check with SCM before entering into any Transaction.

1.2 Share CFD – Long position Transaction

The market price for shares in company XYZ on the relevant Exchange is currently trading at \$12.00/12.02. You think that the company's shares are undervalued and will increase so you decide to buy 500 CFDs at \$12.02 each.

Two weeks later, shares in company XYZ have increased and are now selling at \$12.52. You decide to realise your gain by closing out your CFD position.

The Trading Platform quotes you a price of \$12.52 per CFD. The amount of profit you have made, before adjustments and tax, on the Transaction is \$250.00 (difference between 12.02 and 12.52) x 500 = \$250).

Adjustments

Company XYZ paid a dividend of 10 cents per share while your position was open. Therefore, you are entitled to a positive dividend adjustment of \$50 (500 x 10 cents) (this amount is posted to your Account).

Share CFDs are subject to a commission charge (we also call it a Transaction Fee) on the opening and closing Transactions (based on the Opening and Closing Value). Share CFD's have different commission charges dependent on the exchange they are listed on. For details on our current commission charges for Share CFD's, please refer SCM's Website. For this example, we will assume company XYZ trades on the ASX, where commissions start at 6.00 AUD or 0.1% of the trade value (whichever is greater):

Buy 500 XYZ CFD shares at \$12.02 per unit.

Total trade value = \$6,010.

Commission = \$6.01 (as the 0.1% is greater than the \$6 minimum)

Since you hold a long share CFD position, interest costs are charged (that is, the Finance Charge) and are calculated on your positions by applying the applicable CFD Base Rate to the daily Closing Value of the position. The Base Rate is a per annum figure. The formula for

calculating the rate for a Share CFD is the relevant interbank rate, +/- a percentage figure. For details on our current financing mark ups/downs, please refer to the SCM Website. For this example, we assume the Base Rate is 5%:

$$500 \times \$12.02 \times 5.0 / 365$$

The Finance Charge on this particular day would therefore be \$0.82.

Opening the position

Number of CFDs	500
Contract Price	\$12.02
Opening Value	\$6,010 (contract price x number of CFDs)
Initial Margin	\$601 (10% of Opening Value x CFDs)

Closing the position

Number of CFDs	500
Contract Price	\$12.52
Closing Value	\$6,260 (contract price x number of CFDs)
Gross Profit (Loss)	\$250 (Closing Value – Opening Value)

Adjustments

Dividend	\$50 (credit)
Commission (i.e., the Transaction Fee)*	\$6.01 + \$6.26 = \$12.27
Interest approx. (Overnight interest (i.e., Finance Charge) calculated daily and based on Closing Value for the 14 days the position is held. This example simplifies the calculation to illustrate the adjustments.)	\$11.48 (debit)
Net profit (loss) (after adjustment)	\$276.25

*Minimum fee applies on opening and closing

Movements on your Trading Account for the period of this transaction:

(This example assumes that you have paid \$10,000 as Margin for your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	601.00	10000.00
Transaction Fees debited	(12.27)	9987.73
Interest (Finance Charge) debited	(11.48)	9976.25
Dividend adjustment credited	50.00	10026.25
Realised profit on closing	250.00	10276.25
Account value on close of position		10276.25

1.3 Index CFD - Long position Transaction

You think that a leading Australian share index will strengthen so you therefore buy 10 S&PTM / ASX 200TM Share Index CFDs at 4,800, with exposure of \$1.00 per CFD per index point move. This position therefore gives you an effective exposure to the S&PTM / ASX 200TM Index of \$48000.00 (Index value x number of CFDs). The position requires an Initial Margin of 3%. SCM does not charge commission (i.e., Transaction Fees) on Share Index CFDs, but instead derives its remuneration from the spread between the bid and offer prices (which is therefore included in the opening price of 4,800 for each CFD).

The S&PTM / ASX 200TM Index moves upwards over the next week to leads to a SCM CFD Contract Value of 4,900 each. As a result, if you decide to close your position you will make a gross \$1,000 profit on this Transaction ((10 x 4800)-(10 x 4900)= \$1000) (before adjustments and tax).

Adjustments

Since you hold a Long CFD position, interest costs (represented by the Finance Charge) are charged and calculated on your positions by applying the applicable CFD Base Rate to the daily Closing Value of the position. The formula for calculating the interest cost in this example is as follows. The applicable rate might be 5% p.a. and the Closing Price of the CFD on a particular day is \$4850.00.

The overnight interest charge is then calculated as follows: 10 x \$4850 x .05 / 365

The interest cost (i.e., Finance Charge) on this particular day would therefore be \$6.65.

Opening the position

Number of CFDs	10
Contract Price (Index @ \$1.00 per point)	\$4,800
Opening Value (Contract Price x number of CFDs)	\$48,000
Initial Margin (3% x Opening Value)	\$1,440

Closing the position

Number of CFDs	10
Contract Price (Index @ \$1.00 per point)	\$4,900
Closing Value (Contract Price x number of CFDs)	\$49,000
Gross Profit (Loss) (Closing Value – Opening Value)	\$1,000

Adjustments

Interest approx. (Overnight interest calculated daily and based on closing value for the 7 days the position is held. This example simplifies the calculation to illustrate the adjustments)	\$46.55 (debit)
Net profit (loss) (after adjustment)	\$953.45

Movements on your Trading Account for the period of this transaction:

(This example assumes that you have paid \$10,000 as Margin for your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	1440.00	10000.00
Transaction Fees debited	(0.00)	10000.00
Interest (Finance Charge) debited	(46.55)	9953.45
Dividend adjustment credited *	0.00	9953.45
Realised profit on closing	1000.00	10953.45
Account value on close of position		10953.45

* For the purposes of this example it is assumed that no company whose securities are comprised in the S&PTM / ASX 200TM Index paid a dividend during this period.

1.4 Share Index CFDs – Short Position Transaction

This is an example of buying Share Index CFDs to take a short position and incurring a loss because the market did not move as you expected.

You think that the index will weaken so you therefore sell 20 S&PTM / ASX 200TM Share Index CFDs at \$4,900, with exposure of \$1.00 per contract per index point move. This position therefore gives you an effective exposure to the S&PTM / ASX 200TM Index of \$98,000.00 (Index value x number of Share Index CFDs). The position requires an Initial Margin of 5%. SCM does not charge commission (i.e., Transaction Fees) on Share Index CFDs, but instead derives its remuneration from the spread between the bid and offer prices (which is therefore included in the opening price of \$4,900 for each CFD).

The S&PTM / ASX 200TM Index moves upwards over the next 10 days to a Contract Value of \$4,950 each. As a result, if you decide to close your position you will make \$1,000 loss on this Transaction ((20 x 4900)-(20 x 4950)= (\$1000)).

Adjustments

Since you hold a Short position in a Share Index CFD, you pay interest calculated on your positions by applying the applicable rate to the daily Closing Value of the position. The formula for calculating the interest cost in this example is as follows. The applicable rate might be 2.0% p.a. and the Closing Price of the Share Index CFD on a particular day is \$4900.00.

The overnight interest charge (i.e., the amount of the Finance Charge is credited to your account) is then calculated as follows:

$$20 \times \$4900 \times 2.0 / 365$$

The interest amount charged to your Account for this particular day would therefore be \$5.37.

In addition, assume in this example that some of the companies whose securities comprise the S&PTM / ASX

200TM have paid dividends during the period. The dividends paid are equivalent to 5 index points. Since you have “sold the position” (i.e., sold Share Index CFDs reflecting a short position) your Account will be debited for an adjustment to reflect dividends paid to buyers of the position (i.e. if you had bought the Share index CFD to go long during the period your Account would receive this adjustment as a credit).

The adjustment is calculated as follows: $20 \times \$1 \times 5$

Therefore, your Account would be debited for an adjustment of \$100 during the period of holding your position.

Number of CFDs	20
Contract Price (Index @ \$1.00 per point)	\$4,900
Opening Value (Contract Price x number of CFDs)	\$98,000
Initial Margin (3% x Opening Value)	\$2,940

Closing the position

Number of CFDs	20
Contract Price (Index @ \$1.00 per point)	\$4,950
Opening Value (Contract Price x number of CFDs)	\$99,000
Gross Profit (Loss) (Opening Value – Closing Value)	\$(1,000)

Adjustments

Interest approx. (Overnight interest calculated daily and based on closing value for the 10 days the	\$53.70 (debit)
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position is held. This example simplifies the calculation to illustrate the adjustments)	
Dividend adjustment (paid during period)	\$100.00 (debit)

Net loss (after adjustment)	\$1,153.70
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Movements on your Trading Account for the period of this Transaction:

This example assumes that you have paid \$10,000 as Margin for your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin	2940.00	10000.00
Transaction Fees debited	(0.00)	10000.00
Interest (Finance Charge) debited	(53.70)	9946.3
Dividend adjustment debited	(100.00)	9846.3
Realised profit on closing	(1000.00)	8846.3
Account value on close of position		8846.3

Notes to all examples in this Schedule:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by SCM), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplified assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin Requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to SCM's/our General Business Terms prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn this would result in the Margin Utilisation percentage being 100% and you would need to ensure that you have maintained funds in your Account to cover the CFD's market exposure at all times.
6. The Margin Utilisation in the example exceeded SCM's typical risk limit of 100% (see Section 8.5). SCM's automatic Close Out feature has been ignored in the scenarios in order to show the potential impact of changes. The scenarios assume that SCM has manually Closed Out these positions. You are reminded that SCM may set a lower risk limit without telling you and so you should also not assume that SCM will apply an automatic Close Out if its internal risk limit is exceeded. You should decide your own risk limits and monitor your positions.

1.5 Exposure Limits

The CFD exposure limit is a restriction on the size of a CFD position each individual client can maintain. The Trading Platform will not allow clients to place orders that exceed the CFD limit if executed.

The exposure limit can be found in the trading platform under "Trading Conditions" of each instrument.

The restriction is set by the Saxo risk management department and depends on factors such as CFD rating, stock liquidity, volatility and other market conditions.

SCHEDULE 2

COMMODITY, FX AND BONDS CFDS

2.1 Trading Examples

We have set out in this Schedule some examples to illustrate the variables for a typical Transaction in Commodity, FX and Bond CFDs and how they affect the calculations. The variables of your actual Transactions in these CFDs will, of course, differ, so please check with SCM before entering into any Transaction.

2.2 Commodity CFD – Long position

Transaction

The market price for XYZ Underlying Commodity in the relevant market or Exchange is currently trading at \$12.00/12.02. You think that the Underlying Instrument is undervalued and will increase so you decide to buy 500 Commodity CFDs at \$12.02 each.

Two weeks later, the XYZ Underlying Commodity has increased and is now selling at \$12.52. You decide to realise your gain by closing out your CFD position.

The Trading Platform quotes you a price of \$12.52/CFD. The amount of profit you have made, before adjustments and tax, on the Transaction is \$250.00 (difference between 12.02 and 12.52) x 500 = \$250).

Adjustments

Overnight positions in Expiring CFDs are subject to a carrying cost. The carrying cost is calculated on the basis of the daily margin requirement and applied when a position is held overnight. The funding rate used for calculating the carrying cost is based on the relevant Interbank-rate + markup (150 bps):

For this example, we assume the carrying cost rate is 4%p.a.

Margin requirement= \$300.50

Movements on your Trading Account for the period of this transaction:

(This example assumes that you have paid \$10,000 as Margin for your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	300.50	10000.00
Interest (Finance Charge) debited	(0.46)	9999.54
Realised profit on closing	250.00	10249.54
Account value on close of position		10249.54

Therefore carrying cost charge on this particular night would be $(\$300.50 \times 0.04)/365 = 0.03\text{AUD}$

Opening the position

Number of CFDs	500
Contract Price	\$12.02
Opening Value (contract price x number of CFDs)	\$6,010
Initial Margin (5% of Contract Value x CFDs)	\$300.50

Closing the position

Number of CFDs	500
Contract Price	\$12.52
Closing Value (contract price x number of CFDs)	\$6,260
Gross Profit (Loss) (Closing Value – Opening Value)	\$250

Adjustments

Interest approx. (Overnight interest calculated daily and based on closing value for the 14 days the position is held. This example simplifies the calculation to illustrate the adjustments)	\$0.46 (debit)
Net profit (after adjustment)	\$249.54

2.3 FX CFD – Short Position

This is an example of selling FX CFDs to take a short position and incurring a loss because the market did not move as you expected.

You think that pricing of the Underlying Instrument (FX Futures contract) will weaken so you therefore sell 50000 FX CFDs at \$1.02, with exposure of \$5.00 per point (pip) move (50,000 x 0.0001). This position therefore gives you an effective exposure to the pair of \$51,000 (Underlying Instrument value x number of FX CFDs). The position requires an Initial Margin of 2%.

The price of the Underlying Instrument moves upwards over the next 10 days to 1.0350 to give a Contract Value of \$51,750. As a result, if you decide to Close Out your position you will make \$750 loss on this Transaction $((50000 \times 1.02) - (50000 \times 1.0350)) = (\$750)$.

Again, overnight positions on expiring CFD's are subject to a carrying cost, as detailed in the above example.

For this example, we assume the carrying cost rate is 4%p.a.

Margin requirement= \$1,020

Therefore carrying cost charge on this particular night would be $(\$1020 \times 0.04)/365 = 0.11\text{AUD}$

Opening the Position

Movements on your Trading Account for period of this Transaction

(This example assumes that you have paid \$10,000 into your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	1020	10000.00
Realised profit on closing	(750)	9250.00
Financing Charge	(1.11)	9248.89
Account value on close of position		9248.89

2.4 Bond CFD – Long Position

This is an example of buying a Bond CFD (German Bunds) and making a profit.

You expect the price of the underlying instrument (German Bund Futures) to go up and therefore you buy 200 Bund CFD's at the current offer price of 172.260 EUR. The exposure on this position is therefore 34452.00 EUR (Underlying

Number of CFDs	50,000
Contract Price (FX @ \$5.00 per point)	\$1.02
Opening Value (contract price x number of CFDs)	\$51,000
Initial Margin (2% of Contract Value x CFDs)	\$1,020

Closing the position

Number of CFDs	50,000
Contract Price (FX @ \$5.00 per point)	\$1.0350
Closing Value (contract price x number of CFDs)	\$51,750
Gross Profit (Loss) (Opening Value – Closing Value)	\$(750)

Adjustments

Interest approx. (Overnight interest calculated daily and based on closing value for the 10 days the position is held. This example simplifies the calculation to illustrate the adjustments)	\$1.11 (debit)
Net loss (after adjustment)	\$751.11

Instrument x number of Bund CFD's). The position requires a margin holding of 1% (344.52EUR).

The price of the underlying instrument appreciates to 173/173.02 over the next ten days, giving a position value of 34,600. You decide to close the position, selling 200 CFD's at the bid price of 173.

Again, overnight positions on expiring CFD's are subject to a carrying cost, as detailed in the above example.

For this example, we assume the carrying cost rate is 4%p.a.

Therefore carrying cost on the opening night of the position (assuming no price appreciation) would be $(0.04 \times 344.52) / 365 = 0.04\text{EUR}$

Number of CFDs	200
Contract Price	172.26EUR
Opening Value (contract price x number of CFDs)	34,452.00EUR
Initial Margin (1% of Contract Value x CFDs)	344.52EUR

Number of CFDs	200
Contract Price	173.00EUR
Closing Value (contract price x number of CFDs)	34,600EUR
Gross Profit (Loss) (Closing Value – Opening Value)	148.00EUR

Adjustments

Interest approx. (Overnight interest calculated daily and based on closing value for the 10 days the position is held. This example simplifies the calculation to illustrate the adjustments)	0.40EUR (debit)
Net profit (after adjustment)	147.60EUR

Movement on your Trading Account for the period of this Transaction:

This example assumes that you have paid \$10,000EUR into your Trading Account).

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	344.52	10000.00
Realised profit on closing	148 .00	10148.00
Financing Charge	(0.40)	
Account value on close of position		10147.60

Notes to all examples in this Schedule:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by SCM), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplified assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on a Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to the General Business Terms prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn this would result in the Margin Utilisation percentage being 100% and you would need to ensure that you have maintained funds in your Account to cover the Commodity CFDs market exposure at all times.
6. The Margin Utilisation in the example exceeded SCM's typical risk limit of 100% (see Section 8.5). SCM's automatic Close Out feature has been ignored in the scenarios in order to show the potential impact of changes. The scenarios assume that SCM has manually Closed Out these positions. You are reminded that SCM may set a lower risk limit without telling you and so you should also not assume that SCM will apply an automatic Close Out if its internal risk limit is exceeded. You should decide your own risk limits and monitor your positions.

SCHEDULE 3

SPOT FX CONTRACTS AND SPOT METALS CONTRACTS

3.1 Trading Examples

We have set out in this Schedule some examples to illustrate the variables for a typical Transaction in FX Contracts or Metals Contracts and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with SCM before entering into any in FX Contracts or Metals Contracts Transaction.

3.2 FX Contracts – Long position Transaction

The market price for country A's currency relevant to country B's currency is currently trading at \$12.00/12.02 i.e. one unit of A = \$12.02 of B. You think that the country A's exchange rate is undervalued and will increase so you decide to buy 500 units of FX Contracts in its currency denomination at an exchange rate \$12.02.

Two weeks later, country A's currency has appreciated and you can exchange it at \$12.52. You decide to realise your gain by Closing Out your position.

We quote you a price of \$12.52/12.50. Remember, you are buying new contracts to Close Out your Open Positions. The amount of profit you have made, before adjustments and tax, on the Transactions is \$250.00 (difference between 12.02 and 12.52) x 500 = \$250 expressed in country B's currency).

Adjustments

There is a minimum nominal size on Spot FX contracts to avoid a commission. This differs between FX pairs, so please contact SCM if you have any queries, or raise a support ticket within the platform to learn more. If under the nominal size required, there will be a commission chargeable. If the nominal size is over the required threshold, there is no commission.

Let's assume this particular trade was under the threshold. As such, assume that you will incur a 3USD charge when entering the position, and also closing.

Since you hold an FX position, interest is applicable (by way of the Finance Charge) and is calculated on your positions by applying the applicable interest rates for those Finance Charges to the daily Closing Value of the position. The formula and steps for calculating the rate will be the same as the example shown previously in this PDS however the actual rates depend on the relevant interest rates applicable to country A and country B. For more information, please refer to SCM's Website.

Opening the position

Number of contracts denominated in Country A's currency	500
Exchange Rate	\$12.02
Base Currency	500
Terms Currency Value (Exchange Rate x Base Currency)	\$6,010
Initial Margin (2% of Terms Currency Value)	\$120.20
Commission	3.00USD

Closing the position

Number of contracts denominated in Country A's currency	500
Exchange Rate	\$12.52
Base Currency	\$500
Terms Currency Value (Exchange Rate x Base	\$6,260

Currency)	
Gross Profit (Closing Value of Terms Currency – Opening Value of Terms Currency)	\$250
Commission	3.00USD

Interest approx. (Assume fixed fee example to simplify the calculation to illustrate the adjustments)	\$5.00 (debit)
Commissions	6.00USD
Net profit (loss)	\$236.60 (after converting commission into AUD)

Adjustments

Movements on your Trading Account for the period of this Transaction:

(This example assumes that you have paid \$10,000 as Margin for your Trading Account)

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	120.2	10000.00
Transaction Fees debited	6USD= (8.4AUD)	9991.6
Interest (Finance Charge) debited	(5)	9986.6
Realised profit on closing	250.00	1023.66
Account value on close of position		1023.66

3.3 FX long option position Transaction

You think that country A's currency will weaken so you therefore buy a put Option on it. This gives you the right but not the obligation to sell Country A's currency at a pre-determined price and at pre-determined time in the future. The only risk you have is if Country A's currency appreciates. If this occurs, then you lose the premium paid for this Option contract. SCM does not charge commission (i.e., Transaction Fees) other than a minimum ticket fee equal to \$10.00), but instead derives its remuneration from the spread between the bid and offer prices.

Country A's currency moves upwards over the next week and by the time the Option expires it is deep out of the money i.e. the currency appreciated rather than depreciated. As a result, your Option has expired worthless.

Opening the position

Number of FX Option Contracts	500
Contract Price	\$0.65
Opening Value (Contract Price x Number of FX Option Contracts)	\$325
Initial Margin	\$0 (since premium is paid

	upfront)
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Closing the position

Number of FX Option Contracts	500
Contract Price	\$0 (since the option has expired worthless)
Closing Value (Contract Price x Number of FX Option Contracts)	\$0
Gross Profit (Loss) (Closing Value – Opening Value)	(\$325)

Movements on your Trading Account for the period of this Transaction:

(This example assumes that you have paid \$10,000 as Margin for your Trading Account.)

Description	Amount	Value of Account
Initial payment (all is Margin)	10000.00	10000.00
Initial Margin (i.e., minimum required)	0	10000.00
Transaction Fees debited	0	10000.00
Cost of Option	325	9675.00
Option expires out of the money	0	9675.00
Account value on close of position		9675.00

Notes to all examples in this Schedule:

1. The above examples to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by SCM), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplified assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to the General Business Terms prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn they this could result in the Margin Utilisation percentage being 100 % and you would need to ensure that you have maintained funds in your Account to cover the FX market exposure at all times.
6. The Margin Utilisation in the example exceeded SCM's typical risk limit of 100% (see Section 8.5). SCM's automatic Close Out feature has been ignored in the scenarios in order to show the potential impact of changes. The scenarios assume that SCM has manually Closed Out these positions. You are reminded that SCM may set a lower risk limit without telling you and so you should also not assume that SCM will apply an automatic Close Out if its internal risk limit is exceeded. You should decide your own risk limits and monitor your positions.