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### **Clients' Money**

Your funds will be kept together with the funds of other clients in our client trust account. Your funds kept in our client trust accounts can be used to meet the payment obligations of our other clients. This means that you may also potentially suffer a loss as a result of default by another client where money from the client trust account is applied to meet the payment obligations of that client and there is a deficiency in the client trust account.

In the event of our insolvency, your entitlements as a creditor will rank equally with all other clients and you may not receive of all the money held by us on your behalf if there is a deficit in the client trust account.

### **Margins**

Each open Product will require you to maintain a certain amount of margin with us. For example, you must deposit funds for security/margining purposes.

Please note that if the price of the Product moves against you, you may be required, at short notice, to deposit with us additional cash in order to maintain your position. Due to the volatile nature of global markets, the time in which you are required to deposit additional cash may vary significantly. Due to the highly volatile nature of global markets, we cannot give you definite timeframes for you to meet your margin requirements. In some circumstances, we may need to close out your open positions immediately if you fail to meet margin requirements in order to minimise our risk exposure. Under the Terms and Conditions, a failure to meet our margin requirements is an event of default and we have the right to immediately close out your position. You must regularly monitor your own margin requirements.

In order to manage the risk that you would not have sufficient funds in your account to maintain your Positions open, we may take the following measures:

- If the margin required to maintain your Positions open takes up 100% of the funds shown in your account, you are regarded as being on margin call;
- If the funds available in your Account only covers 80% or less of the margin requirements for your open position, you will receive a visual message automatically on the Vantage Global Prime Trader platform for you to consider taking appropriate action which can include depositing further funds or reducing exposure; and
- If the funds available in your Account only covers 50% of the margin requirements for your open Positions, your worst offending Margin FX Contract or CFD (i.e. the contract with the largest margin requirements) will be automatically closed out. However, irrespective of the steps we take, it is your responsibility to ensure that you have paid to us sufficient funds in order to satisfy our margin requirements. If you fail to have sufficient margin at any time, your position may be closed out by us, without notice, at a loss to you and you may be charged default interest. We have sole discretion to determine how much margin is required.

An Imperfect Hedge does not trigger a margin call; however, it gives Vantage Global Prime the right to close any open positions.

### **Example – Closing out CFDs as a result of breach of margin requirements:**

*This example assumes that the applicable margin percentage rate is 1% of the Contract Value of your open CFDs. The CFD account balance is USD\$1,500.*

The trader buys (long) 1 Standard contract of CL-Oil (1000 Barrels) at \$100.00 and the margin requirement is AUD \$1,000. The Margin Percentage currently held is 150% (CFD account balance/margin x 100) i.e. the client has 1.5 times the margin requirement.

If the price of Crude Oil falls to \$99.40, the CFD Account balance becomes USD \$1,000 whilst the margin requirement is now AUD \$994 (contract value now \$99,400 due to fall in the price of crude oil). The traders CFD account balance is calculated by deducting the loss of USD \$600 from \$1,500. The Margin Percentage is now

90.54 % and is deemed to be in margin call as the CFD account balance covers less than 100% of margin requirement.

If the price of crude oil continues to fall and reaches \$99.25. The CFD account balance is now \$750 and Margin Percentage is now 75.56%. As the account

is below 80% the trader will see a visual reminder on the trading platform.

If crude oil falls further and reaches \$98.79. The CFD account balance falls to \$290 and margin percentage is now 29.35%. As the account is below 50% margin coverage, the position will be closed out at the first available opportunity.

If the trader has a number of open CFDs and the Margin Percentage is below 50%, the CFD with the largest margin requirement will be automatically closed first. Other CFDs in order of the largest margin requirement will also be closed until the Margin Percentage is restored above 50%.

The Vantage Global Prime margin requirements are subject to change on our ongoing assessment of our risk of loss from a failure to recover losses. If we change our margin requirements, we will contact you directly via email or by calling you.

#### **Example – Closing out Margin FX Contracts as a result of breach of Margin requirements:**

*This example assumes that the applicable Margin Percentage rate is 1% of the Contract Value of your open Margin FX Contracts. See Section 14 on how Margin requirements are determined.*

The Margin FX account balance is AUD\$1,500.

The client buys (long) 1 Standard Lot of AUD/USD (100,000) at 0.9040 and the Margin requirement is AUD \$1,000. The Margin Percentage currently held is 150% (Margin FX account balance/Margin x 100) i.e. the client has 1.5 times the Margin requirement.

AUD/USD falls to 0.8994, the Margin FX Account balance becomes AUD \$988.55 whilst the margin requirement is still AUD \$1,000. The client's Margin FX account balance is calculated by deducting the loss of USD \$460 or AUD \$511.45 from \$1,500. The Margin Percentage is now 98.85% and is deemed to be in Margin Call as the Margin FX account balance covers less than 100% of Margin requirement.

AUD/USD continues to fall and reaches 0.8976. The Margin FX account balance is now \$786.99 and Margin Percentage is now 78.70%. As the Account is below 80% the client will see a visual reminder on the trading platform.

AUD/USD falls further and reaches 0.8949. The Margin FX account balance falls to \$483.13 and Margin Percentage is now 48.31%. As the Account is below 50% Margin coverage, the position will be closed out at the first available opportunity.

If the client has a number of open Margin FX Contracts and the Margin Percentage is below 50%, the Margin FX Contract with the largest Margin requirement will be automatically closed first. Other Margin FX Contracts in order of the largest Margin requirement will also be closed until the Margin Percentage is restored above 50%.

The Vantage Global Prime margin requirements are subject to change on our ongoing assessment of our risk of loss from a failure to recover losses. If we change our margin requirements, we will contact you directly via email or by calling you.

#### **Stop orders and limit orders are not guaranteed**

The placing of a stop order can potentially limit your loss; however, we do not guarantee that a stop order will do so. Similarly, a limit order can maximise your profit but there is also no guarantee of this. This is because, for example, global markets can be volatile and unforeseeable events can occur. This means that it is possible that stop orders and limit orders may not be accepted, or may be accepted at a price different to that specified by you. You should anticipate being stopped out at or limited at a price worse than the price you set. You may suffer losses as a result.

### **Interest, Rollover Charges and Rollover Credits**

Financing costs, Rollover Charges, Rollover Credits and administration fees (in the case of Swap Free Accounts) can impact on the overall return of the Product. Please see to Section 15 for an explanation of Rollover Charges and Rollover Credits.

### **Gapping**

In fast moving or illiquid markets “gapping” may occur. Gapping occurs when market prices do not follow a “smooth” or continuous trend and are typically caused by external factors such as world, political, economic and corporate related events. Should gapping occur in the underlying instrument on which your Product is based, you may not be able to close out your position or open a new position at the price at which you have placed your order.

### **You may not be able to manage risk**

It could become difficult or impossible for you to manage the risk of an open position in a Product by

entering into an opposite position in another Product of the same nature to close out the existing position. This is because:

- We have discretion to refuse to accept an order requested by you. For example, we may refuse to accept an order when there is a significant change in prices over a short period or a lack of liquidity due to significant volatility or uncertainty of trading; or
- The relevant Currency Pair, index, commodity or share may no longer be on our list of available tradable products. We may decide to cease offering a Product if, amongst other things:
  - Our liquidity provider is not able to get quotes from the banks and institutions in respect of the relevant currency or currency pairs or Underlying Instrument;
  - Liquidity for the product is poor and/or that trading in the product would no longer be prudent as spreads could be wide.

We will inform you via our website and notifications on the Vantage Global Prime Trader platform within one month of making a decision to cease trading in Product or becoming aware that the Currency Pair, index, commodity or share on which the Product is based will not otherwise be available for trading.

### **Operational risks**

Operational risks in relation to the Vantage Global Prime Platform are inherent in every Margin FX Contract or CFD that we offer. For example, disruptions to our operational processes such as communications, computers, computer networks, software or external events may lead to delays in the execution and settlement of a Contract. You may be unable to trade in a particular Margin FX Contract or CFD that we offer and you may suffer a financial loss or opportunity loss as a result.

If you experience a disruption to the Vantage Global Prime Platform, you must call our support team on +61 2 8999 2044 as soon as possible in order to open/close Contracts. We do not accept or bear any liability whatsoever in relation to the operation of the Vantage Global Prime Platform.

### **Corporate Actions**

There is a risk that a Corporate Action may affect a Position. If a Corporate Action occurs we will reasonably determine what adjustment, if any, to be made to the Position to account for the dilutive or concentrative effect of any such event to preserve the economic equivalent of such Position immediately prior to the relevant event or to reflect the effect of such event on such Position. Any such adjustments will be effective as of a date reasonably determined by us.

### **Consequences of your default**

If you fail to maintain the required Margin, pay other amounts payable to us or fail to perform any obligation under your Product, we have extensive powers under our Terms and Conditions with you to take steps to protect our position including, for example, the power to close out the position in the Product and to charge default interest. Under the Terms and Conditions, you also indemnify us for certain losses and liabilities, including, for example, any default by you under the Terms and Conditions. Further our liability to you is



expressly limited. You should read the Terms and Conditions carefully and obtain advice to make sure you understand these matters.

### **Our right to exercise certain discretions**

You should note that there are a number of provisions in the Terms and Conditions that confer discretion on us which could affect your Product. These discretions include:

Setting the price of the Base Currency used to open and close a position in a Product. The price of a Base Currency is set with reference to the current market price offered to us from our hedging partners. However, in certain circumstances, the price we set may be different from the current market price. In particular:

- We act as a market maker, mainly due to system failure and accordingly, set prices at which we are prepared to deal with you; and
- If we cannot determine a price because trading is limited, then the price will be the price: immediately preceding such limitation; or
- determined by us in our absolute discretion, acting reasonably, but having regard to the prevailing market conditions affecting trading as a whole or trading in such currency;

We can close out all or part of your position in a Product, limit the total value of the position you can open, refuse an order or terminate the agreement between us if certain circumstances arise including where we:

- so decide in our absolute discretion provided we give you prior written notice of such decision; or
- reasonably consider it necessary for the protection of our rights under the Terms and Conditions.

You do not have the power to direct us in the exercise of our discretions.

### **Information we make available**

We may make information available to you that is generated by us or obtained from third parties. This includes, but is not limited to, market information such as financial market data, quotes, news, analyst opinions and research reports, graphs or data.

This market information:

- is not intended to be advice;
- is not endorsed or approved by us and we do not guarantee the accuracy, timeliness, completeness or correct sequencing of the market information;
- is available as a service for your own convenience only;
- may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances; and is not necessarily up to date.

Except as required by law, we do not warrant any results from your use or reliance on the market information. We may discontinue offering this market information at any time without notice.

### **Execution risk**

A delay in execution may occur for various reasons, such as technical issues with your internet connection to our trading servers. The Vantage Global Prime Trader Platforms may not be maintaining a constant connection with our trading servers. In those circumstances, the price offered by us may change before we receive your order. If you place an order and the price changes before the order is received, the order will be accepted by us at the new price. This means the price at which your order is accepted may be different from the price you were quoted. We cannot predict future price movements and our quotations are not a forecast of where we believe currency prices will be at a future time.

### **Electronic Trading platform risk**

You shall be responsible for providing and maintaining the means by which to access the electronic trading platform, which may include without limitation a personal computer, modem and telephone or other access line. While the internet and the World Wide Web are generally reliable, technical problems or other conditions may delay or prevent access thereto. If you are unable to access the internet and thus, the electronic trading platform, it will mean you may be unable to trade in a Product offered by Vantage Global Prime when desired and you may suffer a loss as a result. Should the system be unavailable, clients may place their closing orders via telephone with a representative of Vantage Global Prime. Furthermore, in unforeseen and extreme market situations, such as an event like September 11, or a global catastrophe, Vantage Global Prime reserves the

right to suspend the operation of the electronic trading platform or any part or sections of it. In such an event, Vantage Global Prime may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable at such a time. Vantage Global Prime may impose volume limits on client accounts, at its sole discretion. Please note that such measures would only be implemented in extreme market conditions, and such discretion only reasonably exercised in the best interests of the client.

### **Regulatory Risk**

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in the Products, as may any regulatory action taken against Vantage Global Prime.

### **No Cooling Off**

There are no cooling-off arrangements for the Products. This means that when Vantage Global Prime accepts an order for a Product, you do not have the right to return the Product, nor request a refund of the money paid to acquire the Product.

### **Superannuation Funds**

It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities which are contained in the Superannuation Industry Supervision Act 1993, and associated regulations and regulatory guidance material.

Without being an exhaustive list, following are some of the issues that should be considered by a Trustee of a complying superannuation fund:

- Restrictions on borrowing and charging assets and whether dealing in OTC derivative products would breach those borrowing and charging restrictions;
- The purpose of dealing in OTC derivative products in the context of a complying superannuation fund's investment strategy as well as the fiduciary duties and other obligations owed by Trustees of those funds;
- The necessity for a Trustees of a complying superannuation fund to be familiar with the risk involved in dealing in OTC derivative products and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and
- The consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to hold complying status.

## **8. Margin FX Examples**

*The examples below are for illustrative purposes only. The rates and figures quoted are hypothetical and do not represent actual rates or figures.*

### **Long Position - Margin FX Contract**

You are of the opinion that AUD will appreciate against USD. You will attempt to benefit from this by buying AUD/USD.

The Vantage Global Prime quote on the AUD/USD is bid 0.8900 and ask 0.8902. You purchase AUD100,000 at the ask rate of 0.8902.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is AUD100,000 (USD89,020). You would be required to have AUD1,000 (representing 1% of AUD100,000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- you instruct us to Close Out the position;
- your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close Out the Open Position; or

- the equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than AUD500 (being 50% of AUD1,000).

If the AUD increases in value (the USD decreases in value) and you Close Out your position, you make a profit. For example, if the AUD rises and the AUD/USD is now quoted at bid 0.9000 and ask 0.9002 you sell AUD at the bid price of 0.9000 and make the following profit: USD 980 (100,000 multiplied by (0.9000 minus 0.8902)).

<b>Long Margin FX Contract</b>	
Amount of AUD (Base Currency)	100,000
Buy Price in terms of USD (Term Currency)	0.8902
Margin required (assumed to be 1% / Purchase price payable)	1,000 AUD = (890.2 USD)
Sell Price	0.9000
Gross profit/(loss)	USD 980
<i>Profit will show on your Margin FX account summary as a converted AUD amount i.e. US\$980/0.9000 = \$1,088.89</i>	

If the AUD decreases in value (the USD increases in value) and you Close Out your position, you make a loss. For example, if the AUD falls and the AUD/USD is now quoted at bid 0.8880 and ask 0.8882 you sell AUD at the bid price of 0.8880 and make the following loss: USD 140 (100,000 multiplied by (0.8880 minus 0.8902)) Once a position is Closed Out no further Margin is required.

<b>Long Margin FX Contract</b>	
Amount of AUD (Base Currency)	100,000
Buy Price in terms of USD (Term Currency)	0.8902
Margin required (assumed to be 1% / Purchase price payable)	1,000 AUD = (890.2 USD)
Sell Price	0.8880
Gross profit/(loss)	USD (220)
<i>Profit will show on your Margin FX account summary as a converted AUD amount i.e. US\$(220)/0.8880 = \$(247.75)</i>	

**Short Position - Margin FX Contract**

You are of the opinion that AUD will depreciate against USD. You will attempt to benefit from this by selling AUD/USD.

The Vantage Global Prime quote on the AUD/USD is bid 0.8900 and ask 0.8902. You sell AUD100,000 at the bid rate of 0.8900.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is AUD100,000 (USD89,000). You would be required to have AUD1,000 (representing 1% of AUD100,000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- you instruct us to Close Out the position;
- your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close Out the Open Position; or
- the equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than AUD500 (being 50% of AUD1,000).

If the AUD decreases in value (the USD increases in value) and you Close Out your position, you make a profit. For example, if the AUD falls and the AUD/USD is now quoted at bid 0.8850 and ask 0.8852 you buy AUD at the ask price of 0.8852 and make the following profit: USD 480 (100,000 multiplied by (0.8900 minus 0.8852)).

<b>Short Margin FX Contract</b>	
Amount of AUD (Base Currency)	100,000
Sell Price in terms of USD (Term Currency)	0.8900
Margin required (assumed to be 1% / Purchase price payable)	1,000 AUD = (890 USD)
Buy Price	0.8852
Gross profit/(loss)	USD 480
<i>Profit will show on your Margin FX account summary as a converted AUD amount i.e. US\$480/0.8852 = \$542.25</i>	

If the AUD increases in value (the USD decreases in value) and you Close Out your position, you make a loss. For example, if the AUD rises and the AUD/USD is now quoted at bid 0.8950 and ask 0.8952 you buy AUD at the ask price of 0.8952 and make the following loss: USD 520 (100,000 multiplied by (0.8900 minus 0.8952))  
 \* Note depending upon amount of funds held this may also have triggered an automatic close out due to Margin requirements. Once a position is Closed Out no further Margin is required.

<b>Short Margin FX Contract</b>	
Amount of AUD (Base Currency)	100,000
Sell Price in terms of USD (Term Currency)	0.8900
Margin required (assumed to be 1% / Purchase price payable)	1,000 AUD = (890 USD)
Buy Price	0.8852
Gross profit/(loss)	USD 480
<i>Profit will show on your Margin FX account summary as a converted AUD amount i.e. US\$480/0.8852 = \$542.25</i>	

## 9. CFD Examples

The examples below are for illustrative purposes only. The rates and figures quoted are hypothetical and do not represent actual rates or figures.

## 9.1 Index CFDs

### Long Position – SPI200 Contract

You are of the opinion that SPI200 index will rise in the coming days. You will attempt to benefit from this by buying SPI200. The Vantage Global Prime quote on the SPI200 is bid 3200 and ask 3201.

You purchase 100 contracts at the ask rate of 3201.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is AUD\$320100. You would be required to have

AUD\$3201 (representing 1% of AUD\$320100) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than AUD1600.50 (being 50% of AUD\$3201).

If the S&P200 increases in value and you Close Out your position, you make a profit.

For example, if the SPI200 rises and the SPI200 is now quoted at bid 3251 and ask 3252 you sell the SPI200 at the bid price of 3251 and make the following profit:

AUD\$5000 (100 multiplied by (3251 minus 3201)).

### Short Position –SPI200 Contract

You are of the opinion that S&P 200 index will fall in the coming days. You will attempt to benefit from this by selling SPI200. The Vantage Global Prime quote on the SPI200 is bid 3200 and ask 3201.

You sell 100 contracts at the bid rate of 3200.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is AUD\$320000. You would be required to have AUD\$3200 (representing 1% of AUD\$320000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than AUD1600. 50 (Being 30% of AUD\$3200).

If the S&P200 falls in value and you Close Out your position, you make a profit.

For example, if the SPI200 rises and the SPI200 is now quoted at bid 3150 and ask 3151 you buy the SPI200 at the ask price of 3150 and make the following profit:

AUD\$5000 (100 multiplied by (3200 minus 3150)).

## 9.2 Energy CFDs

### Long Position – CL-Oil Contract

You are of the opinion that Crude Oil will appreciate in value. You will attempt to benefit from this by buying CL-Oil.

The Vantage Global Prime quote on the CL-Oil contract is bid 75.45 and ask 75.50.

You purchase 10 contracts which equals 10,000 barrels of Oil at the ask rate of 75.50.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD755000. You would be required to have USD7550 (representing 1% of USD755000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD3775. (Being 50% of AUD\$7550).

If the price of Crude Oil increases in value and you Close Out your position, you make a profit.

For example, if the price of Crude oil rises and the CL-Oil is now quoted at bid 76.00 and ask 76.05 you sell CL-Oil at the bid price of 76.00 and make the following profit:

USD\$5000 (10,000 multiplied by (76.00 minus 75.50)).

### **Short Position – CL-Oil Contract**

You are of the opinion that Crude Oil will fall in value. You will attempt to benefit from this by selling CL-Oil. The Vantage Global Prime quote on the CL-Oil contract is bid 75.50 and ask 75.55.

You sell 10 contracts which equals 10,000 barrels of Oil at the bid rate of 75.50.

Assuming the Initial Margin Requirement is 1%, you are required to hold 1% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD755000. You would be required to have USD7550 (representing 1% of USD755000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD3775. (Being 50% of AUD\$7550).

If the price of Crude Oil falls in value and you Close Out your position, you make a profit.

For example, if the price of Crude oil falls and the CL-Oil is now quoted at bid 74.95 and ask 75.00 you purchase CL-Oil at the ask price of 75.00 and make the following profit: USD\$5000 (10,000 multiplied by (75.50 minus 75.00)).

## **9.3 Shares CFDs**

### **Long Position – Apple (AAPL) Share CFDs**

You are of the opinion that Apple shares will appreciate in value. You will attempt to benefit from this by buying AAPL Share CFDs.

The Vantage Global Prime quote on AAPL Share CFDs is bid 190.00 and ask 195.00.

You purchase 500 contracts at the ask rate of 195.00.

Assuming the Initial Margin Requirement is 5%, you are required to hold 5% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD97500. You would be required to have USD4875 (representing 5% of USD97500) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD487.50. (Being 50% of AUD\$975).

If the price of the Apple share increases in value and you Close Out your position, you make a profit.

For example, if the price of the Apple share rises and the AAPL Share CFD is now quoted at bid 196.00 and ask 201.00 you sell AAPL Share CFD at the bid price of 195.00 and make the following profit:

USD\$500 (500 multiplied by (196.00 minus 195.00)).

#### **Short Position – Facebook (FB) Share CFDs**

You are of the opinion that Facebook shares will fall in value. You will attempt to benefit from this by selling FB Share CFDs.

The Vantage Global Prime quote on FB Share CFDs is bid 204.00 and ask 206.00.

You purchase 500 contracts at the bid rate of 204.00.

Assuming the Initial Margin Requirement is 5%, you are required to hold 5% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD10200. You would be required to have USD5100 (representing 5% of USD102000) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime
- Exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD510. (Being 50% of AUD\$975).

If the price of Facebook shares increase in value and you Close Out your position, you make a loss.

For example, if the price of the Facebook shares rise and the FB Share CFD is now quoted at bid 206.00 and ask 207.00 you buy FB Share CFD at the ask price of 207.00 and make the following profit:

-USD\$1,500 (500 multiplied by (204.00 minus 207.00)).

## **9.4 Soft Commodities CFDs**

### **Long Position – Cocoa-C Contract**

You are of the opinion that Cocoa will appreciate in value. You will attempt to benefit from this by buying Cocoa-C. The Vantage Global Prime quote on the Cocoa-C contract is bid 2271.4 and ask 2277.4.

You purchase 10 contracts which equals 100 tonnes of Cocoa at the ask rate of 2277.4.

Assuming the Initial Margin Requirement is 5%, you are required to hold 5% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD227740. You would be required to have USD11387 (representing 5% of USD227740) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD5693.5 (being 50% of USD11387), assuming there is no other open position in your account.

If the price of Cocoa increases in value and you Close Out your position, you make a profit.

For example, if the price of Cocoa rises and the Cocoa-C is now quoted at bid 2280.4 and ask 2286.4 you sell Cocoa-C at the bid price of 2280.4 and make the following profit:

USD\$300 (100 multiplied by (2280.4 minus 2277.4)).

If the price of Cocoa falls in value and you Close Out your position, you make a loss.

For example, if the price of Cocoa falls and the Cocoa-C is now quoted at bid 2263.4 and ask 2268.4 you sell Cocoa-C at the bid price of 2263.4 and make the following loss: USD\$1400 (100 multiplied by (2277.4 minus 2263.4)).

### **Short Position – Cocoa-C Contract**

You are of the opinion that Cocoa will fall in value. You will attempt to benefit from this by selling Cocoa-C. The Vantage Global Prime quote on the Cocoa-C contract is bid 2271.4 and ask 2277.4.

You sell 10 contracts which equals 100 tonnes of Cocoa at the bid rate of 2271.4.

Assuming the Initial Margin Requirement is 5%, you are required to hold 5% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD227140. You would be required to have USD11357 (representing 5% of USD227140) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD5678.5 (being 50% of USD11357), assuming there is no other open position in your account.

If the price of Cocoa falls in value and you Close Out your position, you make a profit.

For example, if the price of Cocoa falls and the Cocoa-C is now quoted at bid 2263.4 and ask 2268.4 you purchase Cocoa-C at the ask price of 2268.4 and make the following profit: USD\$300 (100 multiplied by (2271.4 minus 2268.4)).

If the price of Cocoa increases in value and you Close Out your position, you make a loss.



For example, if the price of Cocoa rises and the Cocoa-C is now quoted at bid 2280.4 and ask 2286.4 you purchase Cocoa-C at the ask price of 2286.4 and make the following loss: USD\$1500 (100 multiplied by (2286.4 minus 2271.4)).

## 9.5 Precious Metals CFDs

### Long Position – XAUUSD Contract

You are of the opinion that Gold will appreciate in value. You will attempt to benefit from this by buying XAUUSD. The Vantage Global Prime quote on the XAUUSD contract is bid 1211.33 and ask 1211.50.

You purchase 10 contracts which equals 1000 ounces of Gold at the ask rate of 1211.50.

Assuming your account leverage is 1:500, the Initial Margin Requirement is 0.2%, you are required to hold 0.2% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD1211500. You would be required to have USD2423 (representing 0.2% of USD1211500) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD1211.5 (being 50% of USD2423), assuming there is no other open position in your account.

If the price of Gold increases in value and you Close Out your position, you make a profit.

For example, if the price of Gold rises and the XAUUSD is now quoted at bid 1213.50 and ask 1213.67 you sell XAUUSD at the bid price of 1213.50 and make the following profit:

USD\$2000 (1000 multiplied by (1213.50 minus 1211.50)).

If the price of Gold falls in value and you Close Out your position, you make a loss.

For example, if the price of Gold falls and the XAUUSD is now quoted at bid 1209.16 and ask 1209.33 you sell XAUUSD at the bid price of 1209.16 and make the following loss: USD\$2340 (1000 multiplied by (1211.50 minus 1209.16)).

### Short Position – XAUUSD Contract

You are of the opinion that Gold will fall in value. You will attempt to benefit from this by selling XAUUSD. The Vantage Global Prime quote on the XAUUSD contract is bid 1211.33 and ask 1211.50.

You sell 10 contracts which equals 1000 ounces of Gold at the bid rate of 1211.33.

Assuming your account leverage is 1:500, the Initial Margin Requirement is 0.2%, you are required to hold 0.2% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD1211330. You would be required to have USD2422.66 (representing 0.2% of USD1211330) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the

equity in the Account is less than USD1211.33 (being 50% of USD2422.66), assuming there is no other open position in your account.

If the price of Gold falls in value and you Close Out your position, you make a profit.

For example, if the price of Gold falls and the XAUUSD is now quoted at bid 1209.16 and ask 1209.33 you purchase XAUUSD at the ask price of 1209.33 and make the following profit: USD\$2000 (1000 multiplied by (1211.33 minus 1209.33)).

If the price of Gold increases in value and you Close Out your position, you make a loss.

For example, if the price of Gold rises and the XAUUSD is now quoted at bid 1213.50 and ask 1213.67 you purchase XAUUSD at the ask price of 1213.67 and make the following loss: USD\$2340 (1000 multiplied by (1213.67 minus 1211.33)).

## 9.6 Crypto CFDs

### Long Position – BTCUSD Contract

You are of the opinion that Bitcoin will appreciate in value. You will attempt to benefit from this by buying BTCUSD. The Vantage Global Prime quote on the BTCUSD contract is bid 6913.18 and ask 6943.24.

You purchase 2 contracts which equals 2 Bitcoins at the ask rate of 6943.24.

Assuming the Initial Margin Requirement is 20%, you are required to hold 20% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD13886.48. You would be required to have USD2777.30 (representing 20% of USD13886.48) in equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD1388.65 (being 50% of USD2777.30), assuming there is no other open position in your account.

If the price of Bitcoin increases in value and you Close Out your position, you make a profit.

For example, if the price of Bitcoin rises and the BTCUSD is now quoted at bid 6960.24 and ask 6990.31 you sell BTCUSD at the bid price of 6960.24 and make the following profit:

USD\$34 (2 multiplied by (6960.24 minus 6943.24)).

If the price of Bitcoin falls in value and you Close Out your position, you make a loss.

For example, if the price of Bitcoin falls and the BTCUSD is now quoted at bid 6860.12 and ask 6890.18 you sell BTCUSD at the bid price of 6860.12 and make the following loss: USD\$166.24 (2 multiplied by (6943.24 minus 6860.12)).

### Short Position – BTCUSD Contract

You are of the opinion that Bitcoin will fall in value. You will attempt to benefit from this by selling BTCUSD. The Vantage Global Prime quote on the BTCUSD contract is bid 6913.18 and ask 6943.24.

You sell 2 contracts which equals 2 Bitcoins at the bid rate of 6913.18.

Assuming the Initial Margin Requirement is 20%, you are required to hold 20% of the value of the open contract in your Account before Vantage Global Prime will accept the order. In this case the value of the contract when it is opened is USD13826.36. You would be required to have USD2765.27 (representing 20% of USD13826.36) in

equity in your Account in order to enter this transaction. If you do not have the Initial Margin Requirement the order will not be accepted by Vantage Global Prime.

The position will remain open until:

- You instruct us to Close Out the position;
- Your Account becomes Margin deficient and Vantage Global Prime exercises its discretion to Close out the Open Position; or
- The equity in your Account falls to or below 50% of the Margin Requirement and your Open Positions are automatically Closed Out. In this example, the Open Position would be automatically Closed Out if the equity in the Account is less than USD1382.64 (being 50% of USD2765.27), assuming there is no other open position in your account.

If the price of Bitcoin falls in value and you Close Out your position, you make a profit.

For example, if the price of Bitcoin falls and the BTCUSD is now quoted at bid 6860.12 and ask 6890.18 you purchase BTCUSD at the ask price of 6890.18 and make the following profit: USD\$46 (2 multiplied by (6913.18 minus 6890.18)).

If the price of Bitcoin increases in value and you Close Out your position, you make a loss.

For example, if the price of Bitcoin rises and the BTCUSD is now quoted at bid 6960.24 and ask 6990.31 you purchase BTCUSD at the ask price of 6990.31 and make the following loss: USD\$154.26 (2 multiplied by (6990.31 minus 6913.18)).

## 10. ASIC REGULATORY GUIDE 227 DISCLOSURE BENCHMARKS

ASIC Regulatory Guide 227 requires Margin FX and CFD issuers to publish certain information addressing a range of disclosure benchmarks. These benchmarks are required to be addressed on an 'if not, why not' basis, and are intended to assist retail investors to properly understand the complexity and risks of trading in OTC derivative products, particularly with regard to leverage.

There are 7 disclosure benchmarks required to be address, all of which we are of the view, have been met by Vantage Global Prime's compliance with each benchmark is addressed in the following table:

<b>Benchmark description</b>	<b>How does Vantage Global Prime meet this benchmark?</b>	<b>Relevant sections of the PDS which provide further relevant information</b>
<b>Client qualification</b>	<p>Vantage Global Prime maintains and applies a written policy which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open a trading account for you. Vantage Global Prime also maintains a written policy/procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments.</p> <p>Please note that we do not provide personal advice regarding the suitability of trading in these products for your personal financial circumstances and objectives.</p> <p>However, Vantage Global Prime does not accept retail investors unless they are able to satisfactorily answer the questionnaire (to be included shortly) in our trading account application form which addresses the following criteria:</p> <ul style="list-style-type: none"> <li>• Previous trading experience in financial products</li> <li>• Understanding of leverage, margins and volatility</li> <li>• Understanding of the key features of the product</li> </ul>	<p>2. Terms and Conditions 3. Advice 5. Key Features of the Vantage Global Prime Products 21. Terms and Conditions</p>

	<ul style="list-style-type: none"> <li>Understanding the trading process and relevant technology</li> <li>Ability to monitor and manage the risks of trading</li> <li>Understanding that only risk capital should be traded</li> </ul>	
<b>Opening collateral</b>	<p>Vantage Global Prime only permits clients to open an Account and trade with cleared funds (i.e. transfer of cash from your banking account to your trading account).</p> <p>Please note that an Account may be opened with a cash transfer from your bank account by EFT, BPAY, SWIT wire, cheque or with a credit card (but only to a maximum amount of \$1,000 for initial deposit from credit cards). Funds deposited with us may take up to three days or more to clear. It is your responsibility to ensure that the amounts transferred to our trust account are cleared in sufficient time to meet all the payment obligations you have under the Terms and Conditions. A failure to do so could result in your orders being cancelled and your Positions being closed out and being charged default interest. If you are not sure how long it will take for your payments to clear, you should contact your financial institution.</p> <p>No other financial products will be accepted as collateral to open a trading Account, although we may accept such as collateral to meet subsequent Margin Calls in special agreed circumstances.</p>	<p>2. Terms and Conditions</p> <p>12. The Account</p> <p>13. Operating an Account</p> <p>14. Margin Requirements</p>
<b>Counterparty risk – hedging</b>	<p>Vantage Global Prime maintains and applies a written policy to manage our exposure to market risk from client positions. This includes strict risk management controls to monitor and manage (hedge) our trading exposures on an intraday basis, and includes a process for assessing our hedging counterparties (to ensure they are of sufficient financial standing, are licensed by a comparable regulator, and are of sound reputation).</p> <p>A summary of our policy, which notes our current approved hedging counterparties, is available on our website (and may be updated from time to time as counterparties change).</p>	<p>7. Risks of trading</p>
<b>Counterparty risk - financial resources</b>	<p>Vantage Global Prime maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We further maintain a detailed Risk Register, in which the key risks of our business are addressed and reviewed. Please note that we have a designated compliance officer who monitors our compliance with our licence conditions and ASIC RG 166 (financial) obligations, as well as review and input from our independent external legal and accounting advisers. Further, our external independent auditor conducts an audit at the conclusion of every financial year, a copy of which can be provided to you upon written request. Please contact us in writing at the address/email provided herein, should you wish to obtain a free- of-charge copy of our latest audited financial statements which may assist in your assessment of credit risk.</p> <p>Please note we do not undertake stress testing in relation to unhedged market exposures. All hedged positions are with counterparties who are reputable licensed third party financial services providers.</p>	<p>7. Risks of trading – Vantage Global Prime/Counterparty Risk</p>
<b>Client money</b>	<p>Vantage Global Prime maintains and applies a clear policy with regard to the use of client money. Please note that money you deposit into your trading Account is co- mingled with other client money in our client trust account. Such monies are only applied to client trades/settlement obligations or where you otherwise provide us with a legal right to that money because of</p>	<p>7. Risks of trading– Clients' Money</p> <p>7. Risks of trading– Vantage Global Prime/Counterparty Risk</p>

	<p>entitlements (such as outstanding fees) owed to us or in such other circumstances as referred to in Vantage Global Prime's Terms and Conditions, which is available on our website.</p> <p>If you are a Retail Client or a Sophisticated Investor, we cannot use your client money for our own capital purposes, or to hedge with our liquidity providers. We use our own funds, and we may use Wholesale Client funds for these purposes, subject to Terms and Conditions. We typically hold the equity balance displayed in your account, in our client money account. Client money typically includes:</p> <p>Initial Margin plus          Profits you have won but not withdrawn plus          Running profits in any open positions minus          Losses from past trades minus          Running losses accrued against any open positions minus          Any fees or other amounts we are entitled to.</p> <p>Sometimes there may be a discrepancy in the balance shown to you via the online trading platform, and the amount of client money we hold. That may be because of a pricing feed error, uncleared funds, software malfunction, if we have extended credit to you, or if we otherwise take action under our Terms and Conditions, which may include freezing your account if you, say, breach the Terms and Conditions.</p> <p>Subject to the above explanation, your funds will be kept together with the funds of other clients in our client trust account. Your funds kept in our client trust accounts can be used to meet the payment obligations of our other clients. This means that you may also potentially suffer a loss as a result of default by another client where money from the client trust account is applied to meet the payment obligations of that client and there is a deficiency in the client trust account. In the event of our insolvency, your entitlements as a creditor will rank equally with all other clients and you may not receive of all the money held by us on your behalf if there is a deficit in the client trust account.</p> <p>You can ask us for records about money we have received from you, on your behalf of, or for your benefit, where that money was client money. We will provide you with the records within 5 business days or such longer period as we may agree to in writing, with you.</p>	<p>12. The Account</p>
<p><b>Suspended or halted underlying assets</b></p>	<p>An underlying financial product may be placed in a trading halt on the relevant exchange in various circumstances. Additionally, it may be suspended or delisted in certain circumstances. Exchange rates depend on a number of factors including, for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. Vantage Global Prime may, in its absolute discretion, cancel your order in respect of a transaction which has not yet been opened, or close any open Position, where the underlying financial product is the subject of a trading halt, suspension or delisting.</p> <p>When you place an order for a Product with us, it is likely that we will place a corresponding order to purchase or sell the relevant product to hedge our market risk. Vantage Global Prime has the discretion as to when and if it will accept an order. Without limiting</p>	<p>2. Terms and Conditions          13. Operating an Account          21. Terms and Conditions</p>

	<p>this discretion, it is likely that we will elect not to accept an order in circumstances where our corresponding order cannot be filled.</p> <p>Accordingly, Vantage Global Prime may at any time determine, in our absolute discretion, that we will not permit the entry into a Product over one or more underlying currencies.</p>	
<p><b>Margin calls</b></p>	<p>Vantage Global Prime maintains and applies a written policy detailing our margining practices. This details how we monitor client accounts to ensure you receive as much notice as possible regarding Margin Calls, our rights regarding the levying of Margin Calls and closing out of positions when such calls are not met in a timely manner, and what factors we consider when exercising such close-outrights.</p> <p>All open positions are monitored on a real-time basis intraday 5 days per week, to ensure changing Margin requirements are identified in a timely manner.</p> <p>Vantage Global Prime seek to provide you with timely and sufficient notice of Margin Calls, to facilitate your ability to meet them. However, please note that certain market conditions or events may trigger extreme volatility, requiring urgent funds to be applied to retain your open positions. Please note that all Margin Calls will be communicated to you via the trading platform and it is your obligation to ensure you are always available to receive and action such Margin Calls when you have open Positions with us.</p> <p>However, we reserve our full rights to immediately close positions in relation to which Margin Calls have not been met, in order to protect against exposure to further losses in the positions.</p> <p>We reiterate that trading in the Products carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and <b><u>you can incur losses in excess of the capital you have invested</u></b>. Accordingly, you should only trade with risk capital i.e. money you can afford to lose, and which is excess to your financial needs/obligations.</p>	<p>14. Key risks of trading The Account Operating an Account Margin Requirements</p>

## 11. Opening an Account

Prior to transacting in the Products, you must read and understand our FSG, this PDS and the Terms and Conditions.

Before opening an Account, you must sign our Terms and Conditions. This is an important legal document containing the terms and conditions which govern our relationship with you. It is provided to you separately by Vantage Global Prime. See also Section 22 of this PDS which sets out some of its key terms.

We recommend that you consider seeking independent legal advice before entering into the Terms and Conditions, as the terms and conditions detailed in this agreement are important and affect your dealings with us.

You must complete, sign and return a Terms and Conditions, and have your application to open an Account approved by Vantage Global Prime. Vantage Global Prime may refuse to open an Account for any person.

All deposits are accounted for in the Base Currency which the client has a choice of. When sending funds to Vantage Global Prime, please send the same currency as the Base Currency of your Account.

If your application is accepted, we may require you to pay to us, and maintain at all times, a balance in your Account representing Cleared Funds. Cleared Funds are amounts deposited or credited to your Account which are able to be withdrawn by us for the purposes of acquiring Products and making Margin or other payments.

We will comply with our obligations to report all relevant transactions to AUSTRAC in accordance with anti-money laundering requirements.

## 12. The Account

### **What is an Account?**

An Account is a record, or a series of records, maintained by us (or on our behalf) that shows, at any point in time, the net position of the payments you have made or are required to make to us and the payments we have made or are required to make to you. The Account for your Products is not a deposit account with us and no money is held in the Account. Money paid by you is initially deposited in our trust account and dealt with as set out in section 7.

Under the Terms and Conditions, you authorise us to:

- credit your Account with any amounts deposited by you in our trust account and the amounts we are required to credit to you; and
- debit your Account with the amounts set out in sections 12 and 15 and any amounts withdrawn by you; and
- designate the amounts in the Account as either Free Balance or margin depending on the amount of funds you have deposited with us, your orders, open Products and market movements.

### **How are the funds you deposit with us held?**

Under the Terms and Conditions, you agree to pay to us sufficient funds at all times to satisfy all amounts payable by you under the Terms and Conditions. Any money that you pay to us may for a period be held, separately from our money, in a client trust account or invested by us. Such money will be held, dealt with and invested in accordance with the Corporations Act and the terms of the Terms and Conditions.

Under the terms of the Terms and Conditions, you agree that:

- your money in our client trust account is not kept separate from the money of other clients;
- we may withdraw your money from the trust account in any of the following circumstances:
  - making a payment to, or in accordance with your written directions for purposes of entering into Contracts (including but
  - not limited to Mark to Market Payments);
  - defraying brokerage and other proper charges;
  - paying to us money to which we are entitled;
  - making a payment that is otherwise authorised by law;
- amounts withdrawn from the client trust account under the above clause:
  - belong to us; and
  - will no longer be your funds or be held for you.
- we are entitled to invest the money in the client trust account in accordance with the Corporations Act;

and unless otherwise agreed in writing with you:

- we are solely entitled to any interest or earnings derived from your money being deposited in our client trust account or invested by us in accordance with the Corporations Act. Such interest or earnings are payable to us from the relevant trust account or investment account, as the case requires, as and when we determine;
- upon realisation of an investment of your funds, the initial capital invested must either be invested in another investment permitted by the Corporations Act or deposited by us into the client trust account operated in accordance with the Corporations Act;
- in the event that the amount received upon realisation of an investment of your funds is less than the initial capital invested, we must pay an amount equal to the difference into the client trust account for your

benefit, except where any such difference is the result of amounts paid out of the investment to us in accordance with the Terms and Conditions; and

- we will not charge a fee for investing the money in the client trust account.

**Holding your money in one or more client trust accounts may not afford you absolute protection. The purpose of a client trust account is to segregate our clients' money, including your money, from our own funds. If the amount held in a trust account for you does not satisfy or fully satisfy moneys we owe to you and we become insolvent, you will be an unsecured creditor in relation to the balance of the moneys owing to you.**

**Your funds will be kept together with the funds of other clients in our client trust account. Your funds kept in our client trust accounts can be used to meet the payment obligations of our other clients. This means that you may also potentially suffer a loss as a result of default by another client where money from the client trust account is applied to meet the payment obligations of that client and there is a deficiency in the client trust account. In the event of our insolvency, your entitlements as a creditor will rank equally with all other clients and you may not receive of all the money held by us on your behalf if there is a deficit in the client trust account.**

#### **How do you get funds in and out of your Account?**

You can deposit funds to our trust account by using electronic funds transfers, BPAY or credit card and with Vantage Global Primes' consent, by cheque. Those funds will be credited to your Account.

Funds deposited with us may take up to three days or more to clear. It is your responsibility to ensure that the amounts transferred to our trust account are cleared in sufficient time to meet all the payment obligations you have under the Terms and Conditions. A failure to do so could result in your orders being cancelled and your positions in a Product being closed out and being charged default interest. If you are not sure how long it will take for your payments to clear, you should contact your financial institution.

Free Balance means the cash balance in your CFD Account plus or minus any Unrealised Profit/Loss less any Margin requirements. You can, subject to our terms and conditions withdraw funds up to the amount, if any, of your 'Free Balance' Unrealised Profit/Loss is profit or loss that has been made or lost but is not yet realised through a transaction. For example, if you buy 1 lot of GBP/AUD at 1.6500 and it rises to 1.6550 but you have not yet closed the Position, you will have an Unrealised Profit of \$500. Once the trade is closed the Unrealised Profit would be realised and reflected in the cash balance. The Unrealised Profit/Loss is not included in the Margin for the Product.

#### **Margin FX Contract Example – Free Balance**

*For example, you have cash balances of \$5,000 in your Account of which \$3,000 is needed to meet your Margin requirements for the opened Margin FX Contracts and an Unrealised Profit of \$1,000. In that case, your Free Balance is \$3,000 and you will be able to withdraw up to this amount from your Account.*

#### **CFD Example – Free Equity**

*For example, you have cash balances of \$5,000 in your Account of which \$3,000 is needed to meet your Margin requirements for the opened CFDs and an Unrealised Profit of \$1,000. In that case, your Free Equity is \$3,000 and you will be able to withdraw up to this amount from your Account.*

#### **Do you get interest on my Account balance?**

You will not receive any interest on balances in your Account.

## **13. Operating an Account**

#### **How do you open a Margin FX Contract or CFD position?**

Margin FX Contracts and CFD positions can be opened by:

- placing an order on the Vantage Global Prime Trader platforms; or
- calling us, however we have the acceptance of Instructions and entering into Orders by telephone is within our sole discretion

To open a Position, you will need to provide us with specific information including:



- the Currency Pair for Margin FX Contracts,
- the CFD,
- the quantity of the Base Currency, and
- whether you intend to be the long or short party.

All quotes are indicative and no Position will be entered into until your order is accepted in accordance with the Terms and Conditions. Due to transmission delays which may occur between when you send us your order and our trading server accepting your order, the price offered by us may change before we receive your order. If you place an order and the price changes before the order is received, the order will be accepted by us at the new price. This means the price at which your order is accepted may be different from the price you were quoted. We cannot predict future price movements and our quotations are not a forecast of where we believe currency prices will be at a future time.

### Types of orders

You may place any of the following orders with us:

- **Market Order** – an instruction to buy or sell a Product at the current bid or offer price of the underlying security or trading instrument quoted by Vantage Global Prime. Vantage Global Prime in its absolute discretion can accept or reject the Market Order.
- **Limit Order** – an instruction to either buy or sell a Product at the price threshold you have specified or at a price that is more favourable than the price threshold you have specified for the specified contract or option. There is a possibility that this kind of order will not be filled.
- **Stop-Loss Order** – an instruction to Close Out or enter into the Product at the best available price after a pre-determined price threshold is reached. Putting a Stop-Loss Order on your position will allow you to potentially limit potential losses from adverse market fluctuations by closing your position at the best available price after the market price passes the price threshold you have set.
- **Contingent order** – an instruction to place a Limit Order or a Stop-Loss Order to open a new position, while at the same time, another order is placed (Second Order). However, this Second Order will only be effective if the parent order is executed. A contingent order cannot be attached to an existing Open Position. It must be placed when you open your position.
- **Order Cancels Order (OCO)** - two separate Stop-Loss or Limit Orders that are linked together and placed as one order. When one of the linked orders is executed, the other order is automatically cancelled.

A DO (Day Only) means that the order you place will be cancelled at 9.00 am AEST. If you want to maintain that order in the market after that time, you will have to resubmit that order.

A GTC (Good 'Til Cancelled) order means that the order you place will remain in the market until it is either executed according to the terms of that order, or is cancelled by you.

### Acceptance of orders

If we accept your order, then the Position is opened and we will send a confirmation to you as follows:

- if you have entered an order through the Vantage Global Prime Trader platforms, the platforms will automatically give you a summary of the main elements of your order which can be printed by you so that you can check the order is correct. This summary is not a confirmation. Once your order has been executed, you can access your 'Trades Booked' statement online. The 'Trades Booked' statement is your confirmation. You will be asked to accept this 'standing facility' method of receiving confirmations in the Terms and Conditions;
- if you have placed an order by calling us, you can access your 'Trades Booked' statement online which is your confirmation as set out above; and
- if requested, we will send a confirmation to you by ordinary post.

We have absolute discretion whether to accept an order. In general, we will use reasonable endeavours to accept an order. However, we may not accept an order if, for example, it is not reasonably practicable for us to do so.

### **How do you close out a Margin FX Contract or CFD position?**

The process is the same to close out a Margin FX Contract and a CFD position. The Position can be closed out by you if you place an order for a Product of the same nature that is an offsetting opposite position to an existing Product and that order is accepted by us. For example, to close out a CFD you would need to place an order for a CFD that is an offsetting opposite position to the CFD. You could not take out a Margin FX Contract to close out a CFD.

The order to close out a Position can be placed on the Vantage Global Prime Trader platforms or by calling us. Prior to placing an order, we can provide you with a quote for the price of the Base Currency as against the Terms Currency. All quotes are indicative and no Position will be entered into until your order is accepted in accordance with the Terms and Conditions. Due to transmission delays between us, the price offered by us may change before we receive your order. If you place an order and our price changes before the order is received, the order will be accepted by us at the new price. This means the price at which your order is accepted may be different from the price you were quoted.

If we accept your order to close out the Position, the existing Position is closed out and:

- we determine any debits or credits required to your Account; and
- a confirmation is sent to you as set out above.

There are some circumstances set out in the Terms and Conditions in which we may close out a Position in our sole discretion. For example, we may do this where you fail to maintain your required margin.

### **What happens on the Value date of a Product?**

Where a Position is held at the close of business on the day before its Value date, it will be rolled over to a new Value date on the terms set out in the Terms and Conditions. A Position will be continuously rolled over until it is closed out.

### **Vantage Global Prime Trader platforms**

We will provide you with access to an online trading platform which will enable you to trade in our Products over the internet. The Vantage Global Prime Trader platforms enable you to:

- trade Products during Trading Hours;
- access information on a wide range of global markets generally 24 hours a day.

The significant features of the Vantage Global Prime Trader platforms are as follows:

- real time prices. However, due to transmission delays between when your order is sent to us and when the order is automatically accepted by our trading server, your order may be accepted at a different price than what was quoted at the time of your order. See Sections 6 and 7 for further details;
- real time news feeds;
- technical analysis;
- account summaries;
- support; and
- a secure website.

## **14. Margin Requirements**

Margin FX Contracts and CFDs are subject to Margin obligations i.e. you must deposit funds for security/Margining purposes. You must pay all Margin payments required by us in respect of your Account.

### *Example – Margin Requirements*

*The applicable margin percentage rate is generally between 1% to 20% of the Contract Value of your open Position. If the Contract Value of the Margin FX Contract or CFD to buy 100,000 AUD is USD 89,000 and the applicable margin percentage rate is 2%, the amount of initial margin is USD 1,780, being 2% of USD 89,000, (or \$2,000 which is USD 1,780 divided by 0.8900 to convert to AUD).*

The Contract Value of both Products is calculated as follows:

**the rate at which a single unit of the Base Currency may be bought with or, as the case may be, sold in, units of the Terms Currency multiplied by the amount of the Base Currency to be traded**

The margin you are required to maintain with us is the 'Initial Margin' plus, if required, the 'Variation Margin'.

### **Initial margin**

Initial margin is the amount of the margin required to open a Margin FX Contract or CFD position. This amount represents collateral for your exposure under the Contract and covers the risk to us. Depending on the Contract traded and the market volatility, the Initial Margin will typically be between 1% and 10% of the Contract Value. However, it is not uncommon for Initial Margins to be above this range. We may change the percentage requirement at any time and at our discretion. You should refer to the Initial Margin schedule on the Vantage Global Prime Trading Platform to confirm the actual percentage Margin Requirement for your proposed transaction at any particular time.

The margin paid by you is initially deposited in our trust account but is then dealt with as set out in Section 7.

### **Variation margin**

For as long as a position is open, you are required to keep sufficient equity on your Account to meet the Margin Requirement. As the face value of your Margin will constantly change due to changing market conditions, the amount required to maintain the open positions will also constantly change. This is also commonly referred to as the Variation Margin. We will dynamically recalculate the amount of Margin required (being the Initial Margin and any adverse Variation Margin) at any one time, and display this amount on the Vantage Global Prime Trading Platform. You will be required to cover any adverse price movements in the market by making further payments to us.

Variation margin will be required if either:

- the price of the Base Currency moves against you during the term of the Margin FX Contract or CFD position; or
- we increase the applicable margin percentage.

### **Margin on hedged transactions**

Additional margin may apply when you engage in trades for Hedging, whether partially or in full. Hedging is a strategy used to manage exposure to the risk of market fluctuations by taking an opposite position in the same Product to eliminate or reduce that risk. As stated above, an Initial Margin is required to open a Margin FX Contract or CFD position. An Initial Margin is also required for each Hedging transaction. For example, you will need to have sufficient Initial Margin to open a CFD position, and sufficient Initial Margin to open an opposite CFD position for hedging purposes. You must have sufficient Margin to satisfy the Initial Margin for each transaction.

If you engage in partial Hedging, by opening a transaction which is opposite but not equal to another transaction (in the same Product) then you will still need to have sufficient Initial Margin available for both transactions, however less Initial Margin will be required. Initial Margin is charged at the same rate, but where the hedged transaction is smaller, it will result in less Initial Margin being required.

It is within the sole discretion of Vantage Global Prime as to whether we require an Initial Margin to be paid on hedging transactions. If we choose to reduce the amount of, or not require payment of the Initial Margin on hedged transactions, we are not waiving our rights to require the full Initial Margin at any time.

### **You are responsible for satisfying the Margin requirements**

If the required amount of Margin for all your Margin FX Contracts, CFD orders exceeds the balance of your Account, you must either deposit additional cash with us or alternatively close out Margin FX Contracts or CFD positions to reduce your required Margin to a level acceptable to us. Due to the highly volatile nature of foreign exchange markets, we cannot give you definite timeframes for you to meet your Margin requirements. In some circumstances, we may need to close out your open Margin FX Contracts or CFD positions immediately if you fail to meet our Margin requirements in order to minimise our risk exposure. Under the Terms and Conditions, a failure to meet our Margin requirements is an event of default and we have the right to immediately close out your Margin FX Contracts or CFD positions. **You must regularly monitor your own margin requirements.**

In order to manage the risk that you would not have sufficient funds in your account to maintain your open Margin FX or CFD positions, we may take the following measures:

- if the margin required to keep your Margin FX or CFD positions open takes up 100% of the funds shown in your Account, you are regarded as being on Margin Call;
- if the funds available in your Account only covers 80% or less of the margin requirements for your open Margin FX or CFD positions, you will receive a visual warning automatically on the Vantage Global Prime Trader platform for you to consider taking appropriate action which can include depositing further funds or reducing exposure; and
- if the funds available in your Account only covers 50% of the margin requirements for your open Margin FX or CFD positions, your worst performing Margin FX or CFD position (i.e. the CFD with the largest margin requirement) will be automatically closed out.

You are responsible for ensuring that you have sufficient Margin. The Products can be highly volatile and you should ensure that you are always contactable by us.

Your obligation to maintain sufficient margin arises irrespective of whether we make a margin call. In other words, all trades are your responsibility so you should always be aware of your margin requirements and act accordingly.

**IMPORTANT: We are not required to make Margin Calls. If you do not meet the required Margin requirements, then we may, in our absolute discretion:**

- **cancel any orders; and**
- **close out, without notice, all or some of your open Margin FX Contracts or CFDs. Any losses resulting from us closing a Margin FX Contracts or CFD will be debited to your Account and may require you to deposit additional cash with us. Default interest may apply on the amount of any cash shortfall.**

Please see the example in Section 7 for further details on closing out Margin FX Contracts or CFDs as a result of breach of Margin requirements.

We may change your Margin requirements at any time by giving you prior notice by contacting you directly via email or by calling you.

## 15. Fees and Other Costs

### **Mark to market payments that represent the Unrealised Profit on an open Margin FX Contract or CFD position**

At the close of business on each business day during the term of the Margin FX or CFD position, we will determine the Contract Value of the Margin FX Contract or CFD. The Contract Value is calculated as the rate at which a single unit of the Base Currency may be bought with or, as the case may be, sold in, units of the Term Currency multiplied by the amount of the Base Currency to be traded.

If the new Contract Value at the close of business is, in monetary terms:

- less than the Contract Value determined for the previous day and you hold a Short Margin FX or CFD position; or
- greater than the Contract Value determined for the previous day and you hold a Long Margin FX or CFD position,

we will credit the difference to you. The difference is referred to as the 'Mark to Market Payment'. The mark to market payment is credited to your Account on the same business day it is calculated.

### **Spreads**

The calculation of the price to be paid (or the payout to be received) for the Margin FX Contract or CFD, at the time the position is opened or closed, will be based on market prices available at the time and the expected level of interest rates, implied volatilities and other market conditions during the life of the financial contract and is based on a complex arithmetic calculation. The calculation will include a spread in favour of Vantage Global Prime. Spreads will differ depending on the Margin FX Contracts or CFDs traded.

Spread means the difference between the bid price (price offered) and the ask price (price requested) for the Base Currency expressed as against the Term Currency. The spread is incorporated into the price of the Currency Pair or CFD quoted to you and is not an additional fee or charge payable by you.

The spreads we quote are generally wider than the spreads available in the physical market and the additional spread represents spreads paid to us. In other words, we:

- add an amount to the market ask price when you open a Long Margin FX or CFD position; and
- subtract an amount from the market bid price when you open a Short Margin FX or CFD position.

This means you pay more to buy a CFD and receive less when you sell a CFD. The current spreads may be published on our trading platform or can be found out by calling us.

The spreads we quote are a number of Points between the bid price and the ask price. A Point is the last decimal place to which a Margin FX Contract or CFD is quoted. The spreads we quote are determined by our OTC derivatives provider. The spread will be influenced by:

- estimated current spot 'inter-bank' exchange rates (for gold and silver our best estimate of current spot price of gold and silver),
- futures prices,
- the size of your transaction,
- the frequency of which you enter into Margin FX Contracts or CFD positions with us,
- expected levels of interest rates,
- implied volatilities
- other market conditions during the life of the Margin FX Contract and the Currency Pair or CFD; and
- the time zone in which you choose to trade.

The spreads range from between 0.01 Points to 600 Points. In non-volatile market conditions, the spread may be even narrower than the spreads quoted. But in periods of volatile markets, the spread may be increased. Vantage Global Prime will quote 5 decimal places for most Currency Pairs but the 4th decimal place is classed as the Point and 2 decimal places for most CFDs.

### **Default interest**

If you fail to pay when due any amount payable under the Terms and Conditions, we may debit from your Account default interest on that amount.

Default interest will be charged from and including the due date to the date of actual payment (after as well as before judgment). All such interest will be calculated using an interest rate which is central bank target cash rate for that currency plus 3% per annum. Default interest is charged in arrears at the end of each business day.

For example, assume that your actual margin is \$1,000 less than your required margin. If the \$1,000 is not deposited with us then, assuming a default interest rate of 8.5% per annum (3% per annum above central bank target cash rate for that currency assuming that rate is 5.5% per annum), default interest of \$0.23 per day would be charged and added to the amount owing to us.

### **Swap Credit and Swap Charges for Margin FX Contracts**

*This section does not apply to Swap Free Accounts.*

Where a Margin FX position is held at the close of business on a Trading Day, a Swap Credit or Swap Charge will be applied to your Unrealised Profit/Loss. Contracts are automatically rolled over to the next Trading Day at the same time that the swap charge/credit is calculated.

Each Margin FX Contract has an interest rate component attached to it. The Swap Credit or Swap Charge accounts for the difference in the interest rates between the Base Currency and the Terms Currency when a Margin FX position is held overnight (i.e. rolled over to the next business day).

A credit will be made to your Unrealised Profit/Loss (i.e. your Unrealised Profit will increase or your Unrealised Loss will decrease) if at the close of business on the relevant Trading Day:

- you have a Long Margin FX Contract and the interest rate that applies to the currency you buy is higher than the interest rate that applies to the currency you sell; or

- you have a Short Margin FX Contract and the interest rate that applies to the currency you sell is lower than the interest rate that applies to the currency you buy.

#### **Example of Swap Credit**

A Contract for 1 lot of AUDCAD (long) with a AUD based Account has a swap of 0.31 (points).

1 lot = 100,000 units of base currency, Swap rate = 0.34, Number of nights = 1, transaction fee = 10% of the swap rate

Swap Credit =  $[0.34 - (0.1 \times 0.34)] \times 1 = 0.31$  Trading Platform Points.

A charge will be applied to your Unrealised Profit/Loss (i.e. your Unrealised Profit will increase or your Unrealised Loss will decrease) if at the close of business on the relevant Trading Day:

- you have a Long Margin FX Contract and the interest rate that applies to the currency you buy is lower than the interest rate that applies to the currency you sell; or
- you have a Short Margin FX Contract and the interest rate that applies to the currency you sell is higher than the interest rate that applies to the currency you buy.

#### **Example of Swap Charge**

A Contract for 1 lot of AUDCAD (short) with a AUD based Account has a swap of -1.38 (points).

1 lot = 100,000 units of base currency, Swap rate = -1.38, Number of nights = 1, transaction fee = 10% of the swap rate

Swap Charge =  $[-1.38 + 0.1 \times (-1.38)] \times 1 = -1.52$  Trading Platform Points.

In circumstances where the two interest rates are near parity (almost equal to each other) a Swap Charge may be imposed for both long and short open Contracts. A double negative Swap Rate implies that there is no interest advantage gained by borrowing in one currency to then invest in the other.

When you close out your Margin FX Contract, the net amount of the Swap Charges and Swap Credits (which forms a part of your Unrealised Profit/Loss) will be credited or debited from your Account. No Swap Charge is payable to us and no Swap Credit is paid by us if you open and close out a Margin FX Contract in the same day. We receive a transaction fee for providing the Swap Charges or Swap Credits to you. Our transaction fee can be up to 10% of the value of the Swap Charge or Swap Credit received from our Liquidity Providers.

#### **Swap Credit and Swap Charges for Spot CFDs**

*This section does not apply to Swap Free Accounts.*

Where a Spot CFD position is held at the close of business on a Trading Day, a Swap Credit or a Swap Charge will be made to your Unrealised Profit/Loss. Contracts are automatically rolled over to the next Trading Day at the same time that the swap charge/credit is calculated.

Each CFD has an interest rate component attached to it. The Swap Credit or Swap Charge accounts for holding positions overnight and is determined by subtracting the Financing Spread/Transaction Fee from Reference Interest Rate/Benchmark which is provided by our Liquidity Provider.

When you close out your CFD position, the net amount of the Swap Charge and Swap Credit (which form a part of your Unrealised Profit/Loss) will be credited or debited from your account. No Swap Charge is payable to us and no Swap Credit is paid by us if you open and close out a CFD position in the same day.

We receive a transaction fee for providing the Swap Charges or Swap Credits to you. Our transaction fee can be up to 3.5% annual interest rate charge in addition to the annual interest rate of the Swap Charge or Swap Credit received from our Liquidity Providers.

#### **Example of Swap Credit:**

A Contract for 1 lot of SPI200 (long) SPI200 with a AUD based Account, Number of nights = 1, transaction fee = 3.5%, Benchmark annual interest rate of 1.955 (The benchmark annual interest rate is provided by our Liquidity Providers), Settlement price = \$6,276.65 and a dividend of 3.857 in based currency.

Swap Credit =  $(-3.5 - 1.955) \% / 365 \times 6276.65 + 3.857 = 2.92$  AUD

#### **Example of Swap Charge:**

A Contract for 1 lot of SPI200 (short) SPI200 with a AUD based Account, Number of nights = 1, transaction fee = 3.5%, Benchmark annual interest rate of 1.955 (The benchmark annual interest rate is provided by our Liquidity Providers), Settlement price = \$6,276.65 and a dividend of 3.857.  
Swap Charge =  $(-3.5+1.955) \% /365 \times 6276.65-3.857 = 4.12$  AUD.

The swap rate that is applied will be tripled for positions held over the weekend.

### **Rollover Charges and Rollover Benefits for Futures CFDs**

No Swap Charges or Swap Benefits are paid in relation to Futures CFDs.

Where a Futures CFD is held at the close of the existing contract, a Rollover Credit or Rollover Charge will be made to your Unrealised Profit/Loss. Contracts are automatically rolled over to the new contract at the same time that the Rollover Credit or Charge is calculated.

A cash adjustment takes place to reflect the difference between the old contract price at expiry and the new contract price (less an administration fee of 2.5 basis points) See below for an example.

#### **Example:**

- Product: USD Futures Index (USDX)
- Contract Size: 100
- Settled or expired contract price at expiry:  $(bid+ask)/2$  to get mid-rate =  $[(94.91+94.945)/2] = 94.9275$
- New contract price:  $(bid+ask)/2$  to get mid-rate =  $[(94.59+94.62)/2] = 94.605$
- less admin fee of 0.025
- Long position =  $[(settled\ price - new\ price) - admin\ fee] * contract\ size = 29.75.$
- Short position =  $[(new\ price\ size - settled\ price) - admin\ fee] * contract\ size = - 34.75.$

### **Administration fees (Swap Free Accounts only)**

Swap Free Accounts do not pay or receive Financing and Rollover Charges and Benefits. Swap Free Accounts will instead be charged an administration fee. The administration fee is made up of the fees imposed by our Liquidity Providers plus an internal processing fee (approx. 10%). Apart from this difference, Swap Free Accounts have exactly the same trading conditions and terms as our regular Accounts. Apart from this difference, Swap Free Accounts have exactly the same trading conditions and terms as our regular Account.

### **Conversion fee**

Funds can be deposited to us and held in the following currencies: Australian dollars, Euros, British Pound Sterling, Japanese Yen, New Zealand Dollars, Singapore Dollars, Canadian Dollars or US Dollars. Your Account can be denominated in any of the eight stated currencies. Funds received in a currency other than your account currency will be converted using a foreign exchange rate quoted by our financial institution. Similarly, if you instruct us to send funds to you to a bank account denominated in a current other than your account currency, we will convert those funds using a foreign exchange rate quoted by our financial institution. No conversion fee is charged to you in those circumstances.

When you close an open Position in a currency other than the base currency of your Account, we automatically convert the realised profit or loss into the base currency of your Account at the current spot rate quoted by us on which may be different to the spot foreign exchange rate elsewhere.

All mark to market payments, margins, spreads, Swap Charges and interest charges in relation to the Position will be calculated using the Terms Currency. To show the effect of these transactions on your Account, we will notionally convert these transactions to your account currency at the current spot rate. No conversion fee is charged to you for these notional conversions.

### **Margin**

You are required to maintain the margin as set out in section 14. The margin is not a fee but rather a security deposit that you are required to keep with us.

### **Variation of fees and costs**

Under the Terms and Conditions, we may charge you an additional fee and/or spread or increase the current fees and/or spread set out in this PDS provided we have given you 30 days' prior notice.

## 16. Taxation

### **Taxation Advice**

#### **VANTAGE GLOBAL PRIME DOES NOT PROVIDE ANY TAXATION ADVICE.**

If you trade in CFDs, you may be subject to Australian taxation. This section outlines general information about significant Australian income tax and GST implication of trading derivatives.

The information contained in this section is of a general nature only and is not intended to constitute legal or taxation advice and should not be relied upon as such. The taxation implications of your transactions will depend on your own individual circumstances and Vantage Global Prime recommends that you obtain independent professional taxation advice on the full range of taxation implications applicable to your own personal facts and circumstances.

Taxation laws are complex in nature and their interpretation and administration may change over the term of your transacting. We will not advise you of any changes in taxation laws should they occur. You must take full responsibility for the taxation implications arising from your own transacting, and any changes in those taxation implications during the course of your transacting.

The following is a general summary of the main Australian income tax consequences of opening a Position. This summary only considers the

position of an Australian tax resident individual who does not carry on business and opens a Position with the intention of making a profit. It does not take into account the position of other persons who open a Position.

### **Profit or Loss**

The availability of tax deductions or losses incurred as a result of transacting in Derivatives to offset current and future year income will depend on your personal circumstances and you will need to seek advice from your tax advisor in this regard.

Generally, any profit derived or loss incurred in respect of a Margin FX Contract or CFD should be included in your assessable income or allowed as a deduction, as the case may be, at the time you close out your Margin FX Contract or CFD position. In calculating the amount of any profit or loss, you should take into account any Profit or Loss (as defined in the Terms and Conditions), any spreads, any interest on open Margin FX Contract or CFD and any currency conversion calculation fees debited or credited to your Account.

Certain expenses incurred by you in connection with trading the Products may be deductible to the extent that they are incurred for the purpose of deriving your assessable income. The deductibility of these expenses will depend on your own personal circumstances. You should obtain your own advice as to whether such expenses will be deductible to you.

### **Taxation of Financial Arrangements**

There are rules which set out the method by which gains and losses from financial arrangements should be brought to account for tax purposes (referred to as the Taxation of Financial Arrangements (TOFA) rules. TOFA rules apply to financial arrangements held by certain investors whose assets or aggregated turnover exceeds specified thresholds. The TOFA rules also apply to investors who have made an election to apply to TOFA rules to their financial arrangements. You should obtain your own advice as to whether the TOFA rules apply to you in relation to the taxation treatment of CFD transactions.

### **Capital Gains Tax**

Positions may constitute a Capital Gains Tax (CGT) asset held by you for the purposes of applying the CGT provisions to any capital gain or capital loss realised by you

### **Goods and services (GST) Tax**

No GST should be payable in relation to your trading of the Products with Vantage Global Prime. This is on the basis that they are considered to be 'financial supplies' under the A New Tax System (Goods and Services Tax) Act 1999. Consequently, they are input taxed and no GST payable on their supply. However, independent



advice should be sought from your accountant or financial adviser confirming this, before acting in reliance thereon. Clients should seek their own GST advice on the implication of entering into the Products.

### **Withholding tax**

Under US taxation laws, VGP is required to withhold 15% of any dividend income relating to US stocks or securities.

What this means is that when a Client is a Long Party to a Share CFD in relation to a US stock or security, any cash adjustment VGP makes to reflect the impact of the declared dividend is taxed at 15% and VGP is required to withhold this amount. The withheld amount is then remitted to VGP's liquidity provider in relation to the Share CFD. The liquidity provider will then account for the withheld amount to the relevant US authorities.

Clients can view amounts withheld for US tax legislation purposes from their account.

## **17. Disclosure of Interests**

We do not have any relationships or associations which might influence us in providing you with our services. However, Vantage Global Prime may share fees and charges with its associates, representatives or other third parties or receive remuneration from them with respect to your dealings with us.

In particular, Vantage Global Prime is a market maker, not a broker, and accordingly will always act as principal for its own benefit in respect of all Margin FX and CFD transactions with you. Vantage Global Prime may conduct transactions to hedge its liability to you in respect of your Positions by undertaking transactions in the underlying products. Such trading activities may impact (positively or negatively) the prices at which you may trade the Products.

You may have been referred to us by a service provider who may receive financial or non-financial benefits from us. These should have been disclosed to you by the service provider in question. Please note that such benefits will not impact fees or the rates you will be offered for financial products or services undertaken with Vantage Global Prime.

## **18. Privacy Policy**

Your privacy is important to us. The information you provide Vantage Global Prime and any other information provided by you in connection with your Account will primarily be used for the processing of your Account application and for complying with certain laws and regulations. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Full details of our privacy policy are available from our website or by contacting our customer support.

## **19. Dispute Resolution**

We want to know about any problems or concerns you may have with our services so we can take steps to resolve the issue. We have internal and external dispute resolution procedures to resolve complaints from clients. A copy of these procedures may be obtained by contacting us and requesting a copy.

Initially, all complaints will be handled and investigated internally to resolve any complaints or concerns you may have, as quickly and fairly as possible in the circumstances. Any complaints or concerns should be directed to us (by telephone, email, or letter) at the address and telephone numbers provided in section 1 of this PDS. We will seek to resolve your complaint within 7 days or such further time period that may reasonably be required given the nature of the complaint. We will investigate your complaint, and provide you with our decision, and the reasons on which it is based, in writing. Should you feel dissatisfied with the outcome, you have the ability to escalate your concerns to an external body for a resolution.

Furthermore, Vantage Global Prime Pty Ltd is a member of the Financial Ombudsman Service (FOS), which is an approved external dispute resolution scheme that can deal with complaints about all of the financial services Vantage Global Prime Pty Ltd provides under its AFSL. If you have a complaint about the financial services provided to you, please take the following steps:

Contact Vantage Global Prime Pty Ltd to inform us about your complaint. You may do this by telephone, email or letter. If you are dissatisfied with the outcome or your complaint is not resolved by us within 45 days, you have the right to complain as follows:

- with the Financial Ombudsman Services Australia if lodged before 1 November 2018:

Mail: GPO Box 3, Melbourne VIC 3001  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Online: [www.fos.org.au](http://www.fos.org.au)  
Phone: 1800 367 287

OR

- with the Australian Financial Complaints Authority if lodged on or after 1 November 2018:

Online: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Phone: 1800 931 678  
Mail: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

You can contact the Australian Securities and Investments Commission on 1300 300 630. This is a free call info line. This is another alternative that you may use to make a complaint and obtain information about your rights. If you have any queries about this PDS or our services, you can contact Vantage Global Prime Pty Ltd:

Level 29, 31 Market St,  
Sydney, NSW 2000  
Phone: +61 1300 858 952  
Email: [support@vantageprime.com](mailto:support@vantageprime.com)

## 20. Anti-money Laundering and Counter-terrorism Financing

By applying for an Account you are taken to agree to the following terms:

- you are not aware and have no reason to suspect that:
- the money used to fund your Account or has been or will be derived from or related to any money laundering, terrorist financing or other activities deemed illegal under the applicable laws or otherwise prohibited under any international convention or agreement ('illegal activities'); or
- the proceeds of your Account will be used to finance illegal activities; and
- you agree to promptly provide us with all information that we reasonably request in order to comply with our obligations under all applicable laws.

**Vantage Global Prime does not accept payments from or make payments to any third parties.**

**Client money received must be from an account held under the same name as the trading account name with Vantage Global Prime.**

**We will not send funds to an account held in a different name than the trading account name with Vantage Global Prime.**

**In no circumstances does Vantage Global Prime accept cash deposits.**

In accordance with applicable laws, Vantage Global Prime reports, where necessary, any suspicious matters to AUSTRAC.

## 21. Terms and Conditions

This PDS should be read in conjunction with our Terms and Conditions which sets out our terms and conditions between you and us for the Products we offer.

In order to open an Account, you are required to sign our Terms and Conditions. This is an important legal document containing the terms and conditions which govern our relationship with you. It is provided to you separately by Vantage Global Prime.

We recommend that you consider seeking independent legal advice before entering into the Terms and Conditions, as the terms and conditions detailed therein are important and affect your dealings with us.

We note the following key terms in the Terms and Conditions, some of which have been summarised throughout this PDS:

- Client acknowledgements regarding knowledge and suitability of the Products;
- Client representations and warranties;
- Client account operating details;
- Product trading requirements;
- Margin requirements and Vantage Global Prime's rights in respect thereof;
- Client obligations regarding confirmations(discrepancies);
- Process for closing out a trade, and Vantage Global Prime's rights in relation to price calculation;
- Interest payable/receivable on open Positions;
- Requirements regarding the appointment of authorised persons by the client;
- Default events;
- Vantage Global Prime's rights following a default event;
- Amendment and termination rights;
- Client Indemnity in favour of Vantage Global Prime
- Vantage Global Prime's limitation of liability;
- Fees and charges;
- Restrictions on assignment of agreement;
- Telephone recordings;
- Provision of general advice;
- Governing law (NSW); and
- Electronic trading platform conditions/process.

## 22. Glossary

Throughout the PDS.

<b>Term</b>	<b>Description</b>
<b>'Account'</b>	Account of the client dealing in the products issued by Vantage Global Prime, which is established in accordance with the terms and conditions of the Terms and Conditions
<b>'AEST'/'AEDT'</b>	Australian Eastern Standard Time/Australian Eastern Daylight Time
<b>'AFSL'</b>	Australian financial services licence issued by ASIC.
<b>'ASIC'</b>	Australian Securities & Investment Commission.
<b>'Base Currency'</b>	The first currency in a currency pair. The Base Currency is assigned a value of 1 when calculating exchange rates. The Contract Value of your Margin FX Contract or CFD is dependent upon the movement of the Base Currency against the Terms Currency.
<b>'Cleared Funds'</b>	Amounts deposited or credited to your Account which are able to be withdrawn by us for the purposes of acquiring Margin FX Contracts or CFDs, making margin or other payments
<b>'Terms and Conditions'</b>	The agreement between you and Vantage Global Prime in respect of your trading in your Account. Both you and Vantage Global Prime are bound by the terms of the Terms and Conditions.
<b>'Closing a CFD Position'</b>	To enter into and execute an equal and opposite CFD in respect of an opened CFD position
<b>'Closing a Margin FX Contract'</b>	To enter into and execute an equal and opposite Margin FX Contract in respect of an opened Margin FX Contract
<b>'CFD'</b>	Contract For Difference.
<b>'Contract Value'</b>	Calculated as the rate at which a single unit of the Base Currency may be bought with or, as the case may be sold, in units of the Terms Currency multiplied by the amount of the Base Currency to be traded. For example, if you buy 1 Standard Lot of AUD/USD at a price of 0.8950, the Contract Value will be AUD \$100,000.

<b>‘Corporate Action’</b>	means any dividend, bonus issue, restructure, reclassification, cancellation, distribution, rights issue, or stock split in respect of an underlying asset and any other event in respect of an underlying asset analogous or otherwise having a dilutive or concentrative effect on the market value of the underlying asset, whether temporary or otherwise.
<b>‘Corporations Act’</b>	Corporations Act 2001(Cth.).
<b>‘Currency Pair’</b>	Base Currency and a Terms Currency
<b>‘Deal’ or ‘Dealing’</b>	Means dealing as defined by section 766C of the Corporations Act.
<b>‘Derivative’</b>	An instrument which derives its value from the value of an underlying instrument (such as shares, commodities, currencies etc.)
<b>‘DO’ or ‘Day Only’</b>	means that the order you place will be cancelled at 9.00 AM AEST. If you want to maintain that order in the market after that time, you will have to resubmit that order.
<b>‘Free Equity’</b>	The cash balance in your Account plus or minus any Unrealised Profit/Loss less any Margin requirements. You can, subject to our terms and conditions, withdraw funds up to the amount, if any, of your ‘Free Equity’.
<b>‘Futures CFD’</b>	Means a CFD where the value of the contract derives its value from an underlying asset or instrument whose price is quoted on a futures market.
<b>‘GTC’ or ‘Good ‘Til Cancelled’</b>	An order placed that will remain in the market until it is either executed according to the terms of that order, or is cancelled by you.
<b>‘Hedging’</b>	A strategy employed to manage exposure to the risk of foreign exchange rate fluctuations by taking a position using Margin FX Contracts or CFDs to eliminate or reduce that risk.
<b>‘If Done’ or ‘Contingent (If Done) orders’</b>	The combination of two orders, with the second order only becoming active should the first order be executed. For example, you may place a limit or a stop order contingent on another limit order or stop order being executed.
<b>‘Limit Order’</b>	An order to enter into a Margin FX Contract or CFD or to close out an open Margin FX Contract or CFD, where the relevant Base Currency, as against the Terms Currency, reaches a specified price or better (see Section 6, 7 and 13 for more details)
<b>‘Long CFD or ‘Long CFD contract’</b>	Means purchasing a CFD in anticipation that the CFD will rise in value
<b>‘Long Margin FX contract’</b>	Means purchasing a Margin FX Contract to buy the Base Currency in anticipation that the Base Currency will rise against the Term Currency.
<b>Long Party</b>	Means the party to the Margin FX Contract or CFD that has notionally bought the underlying asset or assets to the OTC derivative contract.
<b>‘Margin’</b>	A specified amount of cash deposit with us in respect of each open CFD position (see section 14).
<b>‘Margin FX Contract’</b>	Margin Foreign Exchange Contract.
<b>‘Margin Percentage’</b>	Means the Margin FX Contract or CFD account balance/margin requirement x 100.
<b>‘Mark to Market Payments’</b>	Payments which are credited to or deducted from your Account each business day representing the Unrealised Profit/ Loss on your opened Position as the close of business on that date.
<b>‘Market Order’</b>	An order to enter into a Margin FX Contract or CFD or to close out an open Margin FX Contract or CFD, at the current price set by us.
<b>‘One Cancels the Other’ or ‘OCO’</b>	Combination of both a limit and a stop order. It is an order that can be used to take a profit if the market moves favourably to the open Margin FX Contract or CFD or to limit the loss if the market moves against the open Margin FX Contract or CFD. It may also be used to open a new Margin FX Contract or CFD. The execution or cancellation of one order will automatically cancel the other order.
<b>‘Opening CFD position’</b>	Means to either buy or sell a CFD.
<b>‘Opening a Margin FX Contract’</b>	Means to either buy or sell a Margin FX Contract.
<b>‘OTC derivatives provider’</b>	The party with whom we enter into a Margin FX Contract or CFD position with, on our own behalf, when we enter into a Margin FX Contract or CFD with you to hedge our exposure under the Margin FX Contract or CFD position between you and us.
<b>‘PDS’</b>	Product Disclosure Statement.

<b>'Points'</b>	A point means the smallest increment in CFD trading or "percentage in point". Our CFDs are quoted to the second decimal place, a point is 0.01.
<b>'Position'</b>	A position is a Margin FX Contract or CFD entered into by you under the Terms and Conditions.
<b>'Retail Client'</b>	Means a customer or potential customer of Vantage Global Prime who is not a Wholesale Client
<b>'Rollover Charge' or 'Rollover Credit'</b>	While holding a position overnight, unless you hold a Swap Free Account, your account is debited or credited using the applicable overnight Tom-Next rate (see section 10 for more details). If you hold a Swap Free Account then your account will be charged an administration fee.
<b>'Short CFD' or 'Short CFD contracts'</b>	Means selling a CFD in anticipation that the CFD will fall in value.
<b>'Short FX contract' or 'Short Margin FX contract'</b>	Means purchasing a Margin FX Contract to sell the Base Currency in anticipation that the Base Currency will fall against the Term Currency.
<b>'Spot CFD'</b>	means a CFD where the value of the contract derives its value from an underlying asset or instrument whose price is quoted on a spot market.
<b>'Standard Lot'</b>	100,000 units in the Base Currency.
<b>'Stop Order'</b>	An order to enter into a Margin FX Contract or CFD or to close out an open Margin FX Contract or CFD position where the relevant Base Currency, as against the Terms Currency, reaches a specified price or worse (see Sections 6, 7, and 13 for more details).
<b>'Sophisticated Investor'</b>	Means a person who would be a Wholesale Client only through the application of section 761GA of the Corporations Act 2001 (Cth).
<b>'Term currency'</b>	Is the second currency in a currency pair. Your Margin FX Contract will be settled in the term currency. The Contract Value of your Margin FX Contract is dependent upon the movement of the Base Currency against the Term Currency.
<b>'Tom-Next Rate'</b>	In currency transactions, the purchase and sale of a currency made to avoid taking actual delivery of the currency. The current position is closed out at the daily close rate and re-entered at the new opening rate the next trading day. Also referred to as "tomorrow next procedure".
<b>'Trading Day'</b>	Monday to Saturday including public holidays.
<b>'Unrealised Profit / Loss'</b>	Unrealised Profit/Loss is profit or loss that has been made or lost but is not yet realised through a transaction. For example, if you buy 1 lot of GBPAUD at 1.6900 and it rises to 1.6950 but you have not yet closed the position, you will have a unrealised profit of \$500. Once the trade is closed the unrealised profit would be realised and reflected in the cash balance. The Unrealised Profit/Loss is not included in the margin for a Margin FX Contract or CFD.
<b>'Vantage Global Prime', 'we', 'us, or 'our'</b>	means Vantage Global Prime Pty Ltd ACN 157 768 566 .
<b>'Value date'</b>	Date that both parties agree to exchange payments for the Margin FX Contract or CFD.
<b>'Wholesale Client'</b>	Has the same meaning as in section 761G of the Corporations Act 2001 (Cth) but does not include a Sophisticated Investor.