



# **Product Disclosure Statement**

# **CONTRACTS FOR DIFFERENCE**

**Last Update: March 2024**

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# GENERAL INFORMATION

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Stratos Trading Pty. Limited (trading as "FXCM") is incorporated in Australia, and registered and authorised to conduct business in Australia. FXCM holds an Australian Financial Service ("AFS") Licence (number 309763), issued by the Australian Securities and Investments Commission (ACN 121934432).

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## **Important Information about FXCM's Product Disclosure Statement ("PDS")**

FXCM is the issuer of this Product Disclosure Statement ("PDS") for FX Contracts and CFDs.

Under the Corporations Act 2001 (*Cth*) ("Corporations Act"), a Retail Client must receive a PDS from an AFS Licensee before acquiring a financial product. FXCM is not required to provide you a copy of the PDS if you are classified as a Wholesale Client. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of our FX Contracts and CFDs. You may also use this PDS to compare the financial products described with other issuers of similar products.

The English language version of this PDS overrides all other language versions of this PDS to the extent of any inconsistency.

You should keep this PDS, the Terms of Business and the Financial Services Guide (FSG) and any supplementary and replacement documents and updated information that is provided to you by FXCM, including via emails for your records.

We will amend this PDS or withdraw it from circulation in the event of any material alteration of the information it contains. FXCM may modify any of the terms and conditions in the PDS. If the change is an increase in fees and charges, or any other significant changes that are adverse

or potentially adverse to an investor, we will give notification issuing a new PDS. Any updated information which is not materially adverse to investors will be available on the FXCM Website.

### ***Jurisdiction***

The information provided by FXCM AU is intended for residents of Australia and is not directed at any person in any country or jurisdiction where such distribution or use would be contrary to local law or regulation. Please read the full [Terms and Conditions](#). Therefore, the distribution of this PDS may be restricted in certain jurisdictions outside Australia. Should you gain access to this PDS in a restricted jurisdiction, you should observe such restrictions. This PDS does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or solicitation. If you are a foreign client intending to deal or dealing with FXCM, you should note:

- the law governing your dealings with FXCM is the law of New South Wales, Australia;
- money which you deposit with FXCM will be regulated by the Australian Client Money Rules; and
- FXCM may require you to confirm your status as a person in your jurisdiction who is eligible to deal with FXCM.

### ***Application Process with FXCM***

Before you begin dealing in CFDs with FXCM, in addition to reviewing the FSG and PDS you must review the Terms of Business and complete an Application Form and be approved by FXCM.

Before starting the account opening process, you must read:

- the Terms of Business
- this PDS
- the Financial Services Guide (FSG)
- the Target Market Determination (TMD)

The documents are available on the Website or can be obtained by contacting us.

The Application Forms require you to disclose personal information. You should refer to the Privacy Policy in the Terms of Business which explains how FXCM collects personal information and then maintains, uses, and discloses that information.

### ***Client Qualification Test***

To assess your understanding of and experience in CFD and/or FX trading, and to help you minimize exposure to risks, you will be required to pass a 'Client Qualification Test' prior to opening an account with FXCM. The questions will require you to confirm whether you have



sufficient knowledge and understanding of CFD, FX trading; leverage, margins, volatility; FXCM Trading Platforms; and knowledge of the risks associated with OTC and CFD trading to be able to manage the risks of trading.

The Client Qualification Test will occur during the account opening process. Pursuant to regulatory requirements, if you do not pass the test, you will not be eligible to open an account with FXCM.

### ***Funding Your FXCM Account***

You can fund your account using the following methods:

- Debit card
- Credit card
- Bank Wire
- EFT

**For details on how you can fund your account, please see [www.fxcm.com/au](http://www.fxcm.com/au).**

### ***NO CASH Deposits or Internal Transfers***

Please DO NOT initiate internal transfers or submit branch deposits (cash or check deposits) directly into our bank accounts. FXCM can neither guarantee the receipt nor the return of cash deposits made at a bank branch. Deposits that are made directly into our bank accounts arrive with insufficient information, which will cause a significant delay in the allocation of funds to your trading account. Branch deposits may be held by FXCM for up to thirty days or longer before being released as part of our due diligence process.

### ***No Third Party Payments***

FXCM does not accept funds for any trading account via a third party. We can neither guarantee the receipt, nor the return of such payments. Please keep in mind that restrictions on third party payments are set by banks and Australian authorities, which have developed extensive procedures, regulations, and laws to stop the transfer of illegal funds, commonly known as money laundering.

### ***Credit Card Verification and Prepaid Cards***

Accounts funded via credit card may be restricted to receiving withdrawals via credit card. Initial deposits made with a credit or debit card upon request may require a recent statement or a copy of the card to confirm ownership. The cardholder's first and last name, as well as the last four digits of the card, must be legible in order for the statement/card to be acceptable. Please DO NOT send funds to FXCM using a Prepaid or Gift Card. Deposits received in this manner will be returned to the originating card.

### ***Terms of Business***

The Terms of Business governs the contractual relationship between FXCM and the client (including but not limited to the consequences of events of default). The Terms of Business sets out the basis on which transactions will take place and the obligations of both FXCM and the client when accessing and trading on the Trading Platforms. However, entering into the Terms of Business does not itself constitute a trade or in any way oblige you to enter into future transactions. This is always your decision. You must confirm via the Website that you accept the Terms of Business before you can enter into transactions with us.

FXCM's Terms of Business is incorporated by reference into this PDS and is available on our Website. A paper copy is available free of charge on request.

### ***Representations***

CFDs offered on and from the date of this PDS are offered solely on the basis of the information and representations contained in this PDS and the Terms of Business. No other information or representation is authorized nor is any person authorized by the Stratos Group to give any information to clients or to make any representation other than any information or representation contained in this PDS, the Terms of Business and the FSG.

### ***Consult Your Advisor***

You should obtain independent financial, legal, taxation and any other professional advice concerning this PDS, the Terms of Business and the FSG.

### ***FXCM DOES NOT PROVIDE PERSONAL ADVICE***

We only provide general financial product advice ('general advice'). General advice under Australian law can include information about FXCM products and the underlying markets and FXCM's opinions about, or outlook for, FXCM products. Any information you have requested about FXCM products and the markets, or have discussed with a FXCM employee should only be regarded as general advice.

If you require personal financial product advice ('personal advice') specific to your particular financial situation, objectives or needs, you will need to speak to your financial adviser. FXCM does not give personal advice.

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

Updates, research reports, website content etc., do not constitute personal advice. We do not provide personal advice. Personal advice is advice which takes into account your objectives, financial situation or needs. You will therefore not receive a Statement of Advice from us. This means that when we provide general advice to you, the advice will not take into account your objectives, financial situation or needs. Accordingly we make no warranties or guarantees in respect of the content. Therefore, you should, before acting on our general advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You should read and consider this PDS and consider seeking independent advice before making any decisions and/or using the services offered by FXCM.

Investors and traders should obtain professional financial advice based on their own particular circumstance before making an investment decision on the basis of the general advice provided. While we ensure that all the information provided is kept up-to-date and accurate we accept no responsibility for any use made of the information. Upon your acceptance of FXCM's Terms of Business you warrant that communications between FXCM and yourself will not be interpreted as personal financial advice and that any investment or trading decision(s) made by you is/are a result of your own free will and choice.

FXCM may collect personal or investment information from you to identify you and to administer your account. Collection of personal information does not imply that personal advice is given.

### ***Compliance with Australian Financial Services License Financial Requirements***

FXCM has established procedures in monitoring compliance with its license financial requirements. On a monthly basis, FXCM review its Base Level Financial Requirements against its asset, liability and cash flow. This ensures that FXCM holds sufficient funds to meet liabilities, the figure which is determined by ASIC.

### ***Stress Testing***

To ensure that FXCM has sufficient liquid assets to meet all of its liabilities as and when they are due, FXCM conducts stress testing on a regular basis. This ensures that, in the event of significant adverse market movements, FXCM would have sufficient liquid resources to meet its obligations to investors without needing to have recourse to client money to do so.

In formulating stress testing, FXCM considers material risks to the business as well as external factors that would impact FXCM's future earnings, liquidity, and capital adequacy. FXCM formulates scenarios based on these to allow it to assess capital adequacy over the forecast period should these risks materialize.

Depending on the scenario relating to each of the risks, FXCM will take required action to address the risks if and when they occur. You can assess FXCM's financial standing by requesting a copy of FXCM's latest audited financial statement.

***Australian Securities and Investments Commission ("ASIC")***

ASIC takes no responsibility for the contents of this PDS.

***Use of Examples in this PDS***

The examples set out in this PDS and those on our Website are provided only for illustrative purposes. All amounts in the examples are approximations for illustration purposes only. The examples use figures, which attempt to demonstrate how FXCM's CFDs work. The figures do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which FXCM may exercise its powers or discretion. All monetary amounts are references to Australian Dollars. The examples do not constitute general or personal financial product advice to any person reading this PDS.

***Additional Information on Website***

Should FXCM offer additional platforms to trade CFDs, or other CFD related products FXCM shall provide a detailed description of such CFD products or platforms on FXCM Website. You will be provided notification of any additions.

**REGULATORY GUIDE 227 – OVER THE COUNTER CONTRACTS FOR DIFFERENCE: IMPROVING DISCLOSURE FOR RETAIL INVESTORS**

Regulatory Guide 227 is issued by ASIC and sets out 7 disclosure benchmarks. The benchmarks apply to both margin forex and CFD products. The table below summarizes FXCM’s disclosure against the benchmarks.

Benchmarks	Meets	Product Disclosure Statement (CFD and FX)
1 – Client Qualification Questions	Yes	<p>Prospective clients are required to fulfil Client Qualification Questions as part of the account opening process with FXCM. The questions are designed to confirm that clients have sufficient knowledge of FX and CFD trading, and understand the risks involved with FX and CFD.</p> <p>See section on 'Application Process with FXCM' for more information.</p>
2 – Opening Collateral	No	<p>FXCM accepts credit cards. While FXCM does not encourage trading using credit fund, we realize the option provided is appreciated by clients. Therefore, FXCM do not impose a limit of \$1,000.00 on initial credit card funding. We do however; limit credit card funding to 20,000.00 currency units of the Denominated Currency per month. Please note that exceptions apply.</p> <p>You should be aware that trading on leverage with borrowed money exposes you to greater credit risks and cash flow risks. This includes the risk of 'double leverage'. Should you experience trading losses, there is a higher risk of not being able to hold sufficient funds to maintain margins on an ongoing basis or the risk of entering into financial difficulty.</p> <p>In addition to credit card funding, FXCM offers a range of other payment methods. For more information on these payment methods please refer to Section 1 of the PDS regarding 'Funding Your FXCM Account'.</p>
3 – Counterparty Policy Hedging	Yes	<p>FXCM explains how it manages exposure to market risk from clients' positions, including information on hedging counterparties.</p> <p>See section on 'Hedging Counterparties Policy' for more information.</p>

4 – Financial Resources and Stress Testing	Yes	<p>FXCM explains how it complies with its License Financial Requirements, including stress testing procedures used to manage its financial requirements. Upon written request, a client may, at no additional cost, obtain a copy of FXCM's most recent financial statement.</p> <p>See section on 'Compliance with Australian Financial Services License Financial Requirements' for more information.</p>
5 – Client Money and Counterparty Risks associated with Client Money	Yes	<p>FXCM explains its practice on managing client money, including segregation of client money and our use of and withdrawals of client money as permitted by law.</p> <p>See section on 'Client Money' for more information.</p>
6 – Suspended or halted underlying assets	Yes	<p>FXCM does not permit new positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended. Please also note that in these situations, FXCM reserves the right to change the margin requirement on a position, re-price a position or close out a position.</p> <p>See section on 'Suspended or Halted underlying Assets'.</p>
7 – Margin Calls	Yes	<p>Margin calls are triggered when your usable margin falls below zero. This occurs when your floating losses reduce your account equity to a level that is less than your margin requirement. Please note the TSII and MT4 margin call procedures are different.</p> <p>For more information, see section on 'Your Margin Obligations to FXCM', 'Margin Call' and 'Margin Requirement'.</p>

# CONTRACTS FOR DIFFERENCE (CFD)

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## ***Description of Contracts for Difference (CFD)***

CFDs are specialised OTC financial products that allow investors to trade with reference to a variety of different financial markets. CFDs are an agreement between two parties, which allow you to make a profit or loss by reference to fluctuations in the price of an underlying asset or other instrument, without actually owning the underlying asset. Because the value of the CFD is in part derived from the value of the underlying asset, a CFD is a derivative product.

## ***Underlying Reference CFDs Offered by FXCM on Trading Station and MetaTrader 4 Platforms***

FXCM currently offers clients the ability to trade a range of CFDs such as Stock Indices, Commodity, Treasury, Cryptocurrency and Precious Metals on the FXCM Trading Station Platform (including Trading Station Web Platform, however with some different features) and the MetaTrader 4 Platform (MT4). (For more information on Trading Station, please refer to FXCM's FX PDS Part 2.)

## ***Key Features of CFDs Offered by FXCM Include:***

- Contracts are non deliverable and some remain open until the position is closed. Others are closed at a fixed expiry date.
- Contracts are traded between you and FXCM and are not traded on any exchange.
- Contracts are non transferrable so that a CFD bought from FXCM cannot be sold to another broker, trader or market maker.
- CFDs are a product that provides the opportunity to profit (or incur loss) by dealing in the underlying asset without having to actually own the underlying asset.
- A CFD broadly replicates the price movement of the underlying asset, i.e. if the price of the underlying asset changes, so will the value of the CFD.
- Unlike contracts traded on an exchange, OTC products are not standardised. The terms of a CFD are individually tailored to the particular requirements of the parties involved in the contract, i.e. FXCM and the client but subject to minimum contract values.
- Because you do not own the underlying asset itself, you have none of the rights associated with owning the underlying asset.
- You can take both Long and Short positions.

- FXCM acts as the counterparty to every transaction and is acting in the capacity of principal with respect to your transaction. For every transaction FXCM may choose to hedge your trade immediately with a liquidity provider or FXCM may choose to take the other side of your trade. FXCM acts as the market maker. FXCM may derive prices from its liquidity providers but your trades may or may not be hedged back to back with the liquidity provider.

### ***Applying to Trade with FXCM***

Before you begin trading in CFDs you must complete an Application Form and be approved by FXCM. Before completing the Application Form you should read this PDS, the Financial Services Guide (“FSG”) and the Terms of Business. If you are trading in FX Contracts you must read and understand the FX Contracts PDS.

### ***Opening a CFD***

A position is opened by either buying (going Long) or selling (going Short) a CFD.

BUYING - If you expect an instrument to rise in value, you buy.

SELLING - If you expect an instrument to fall in value, you sell.

### ***Closing a CFD***

You close a CFD by right clicking on the position and selecting “Close Trade” within the FXCM Trading Stations.

### ***Contract Expiration***

All CFD positions will remain open until they are closed by the client, closed by FXCM due to expiration, or the position is liquidated due to insufficient Usable Margin to support the open position.

### ***Contract/Trade Size***

FXCM utilises a lot based trading system, therefore you are only able to trade in the ‘Minimum Trade Size’ or multiples thereof. Whenever a trade is opened a “tick” or “pip” value is associated with each lot to provide precise profit and loss calculations in real time. The pip cost associated with each instrument automatically converts your profit or loss into the currency of your account, thereby, negating any risk in adverse currency fluctuations.



## ***Pricing***

FXCM acts as market maker forming its own prices. Prices provided by FXCM are indicative, provided for information purposes only and do not constitute an offer to buy or sell. The rate used to execute your order may therefore differ from the indicative quote previously provided. Our prices will be our objective view of the bids and offers available to arm's length market participants in respect of transactions of a normal market size and is the main way we will ensure that the client obtains the best possible result. Our bid and offer prices may differ from those of third parties as a result of adding our spread and liquidity.

We will seek to provide bid and offer prices that are reasonably related to current market conditions in respect of the underlying markets. We ensure that the price we offer at any given time is always considered fair and the best price we can offer the client.

For CFDs on metals, and CFDs on cryptocurrencies, we form our prices with reference to prices we receive from our selected price sources; then we remove prices that we deem are inaccurate, outliers, or outdated prices; then we calculate a value weighted average using the available liquidity associated with each price; and then we apply our mark-up which may vary for each instrument. For CFDs on single shares, CFDs on commodities, CFDs on VIX, CFDs on Bund, we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and then add our mark-up. For CFDs on indexes, we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and apply the fair value to convert the futures reference price into a cash price, and then add our mark-up. Fair value is a widely recognized calculation to represent the theoretical assumption of where a futures contract should be priced given such things as the current index level, index dividends, days to expiration and interest rates. For basket products, we form our prices with reference to prices we receive from our price sources or from the market or exchange depending on the underlying asset that makes up the basket, and we apply the applicable weighting, and combine to create the basket price.

## ***CFD Execution***

FXCM acts as the counterparty to every transaction and is acting in the capacity of principal with respect to your transaction. For every transaction FXCM may choose to hedge your trade immediately with a liquidity provider or FXCM may choose to take the other side of your trade. FXCM acts as the market maker. FXCM faces market risk as a result of entering into trades with a client. At our discretion, we may hedge some or all our market risk through trades with third parties. Client trades may be hedged individually, in aggregate with other client trades, or not at all.

FXCM is your counterparty to every transaction. The prices FXCM offers might not be the best prices available and FXCM may offer different prices to different clients. Note: Contractual relationships with liquidity providers are consolidated through the Stratos Group, which, in turn, provides technology and pricing to the group affiliate entities.

## ***Pip***

At FXCM, in CFD trading, price movements are measured in pips, like ticks which are used to measure price movements in many other financial instruments.

### ***What is Pip Cost?***

The pip cost is the monetary value of a pip in terms of the currency in which the account is denominated.

EXAMPLE: For AUD-denominated accounts, the pip cost is expressed in AUD per lot.

The Gross Profit/Loss ("P/L") column displays the value of the profit or loss expressed in terms of account currency. It is determined by taking the profit or loss in pips (P/L) and multiplying it by the value of a pip (Pip Cost).

EXAMPLE: For AUD-denominated accounts, the Gross P/L is expressed in terms of AUD.

### ***Your Margin Obligations to FXCM***

#### The Margin you need when you open a FX Contract or CFD with FXCM

CFDs offered by FXCM will be subject to Margin Requirements, i.e. clients must deposit funds for security/margining purposes. Accordingly, you are responsible to meet all Margin Requirements required by FXCM.

When you enter into a CFD with FXCM and while that transaction remains open you need to have sufficient Usable Margin in your account to satisfy the Used Margin amount for the relevant number of FX Contracts or CFDs you hold. Examples of the calculation of the Margin Requirement are listed below. You should refer to the current Margin percentages per instrument which are listed on the FXCM Trading Platforms.

### ***Margin Call***

Margin calls are triggered when your usable margin falls below zero. This occurs when your floating losses reduce your account equity to a level that is less than your margin requirement. Therefore, the result of any margin call is subsequent liquidation unless otherwise specified.

FXCM Trading Station accounts are defaulted to the Trading Station's tiered margin system, known as Smart Margin. This system is designed to allow clients more time in which to manage their positions before the automatic liquidation of those positions occurs. Clients are able to see real-time updates of their margin status on the Trading Station platform and can be alerted by FXCM's Smart Margin Watcher feature.

The Trading Station Tiered Margin system consists of two components:

1. **Initial Entry/Maintenance Margin** – The initial good faith deposit or collateral set aside to open and then maintain a position. The exact amount of margin required to open a position can be viewed in the “MMR” column under the “Simple Dealing Rates” tab on the Trading Station platform or in the “Used Maint Mr” column under the “Accounts” on the Trading Station platform.
2. **Liquidation Margin (Minimum Required Margin)** – The minimum amount of equity that must be in the account in order to continue holding the current open positions on the account. This is set at half (50%) of the value of the Maintenance Margin. If the account equity falls below this level, all positions will be automatically closed. The exact amount of margin required before automatic liquidation will occur can be found in the “Used Mr” column under the “Accounts” tab on the Trading Station platform.

#### HOW IT WORKS

When clients initiate a new position on the account the amount of equity in the account must exceed the Initial Entry Margin amount, otherwise the trade will automatically be deleted due to insufficient funds. Once a trade has been initiated, the equity in the account must exceed the Maintenance Margin. Should the equity in the account fall below the Maintenance Margin at any time, the account enters Margin Warning Status.

When this occurs, the Smart Margin Watcher feature is designed to alert clients that their account equity has fallen below the Maintenance Margin requirements by the presence of a warning (“W”) in the Margin Call (“MC”) column under the “Accounts” tab on Trading Station. This system is also designed to notify clients of a margin warning via email. However, clients should not rely on receiving these alerts and should monitor their account at all times.

After a warning is initiated, the account will be unable to open any new positions. To continue to be able to place new positions, client have to bring account equity back above the Maintenance Margin requirement level. There are a few ways to accomplish this: 1) Deposit more funds; 2) Close out existing positions; or 3) Experience beneficial market movements.

The “MC” column on Trading Station will be automatically reset to “N” (meaning that the account is no longer in margin warning status) if the client chooses to either deposit funds or close out existing positions to bring the account equity above the Maintenance Margin requirement level. It is important to note that deposited funds may not be instantaneously available in the account. Please [click here](#) for more information regarding when deposited funds may become available.

Should the market move in the client’s favour and bring the account equity above the Maintenance Margin requirement level at the time of FXCM’s daily Maintenance Margin check at 5PM ET, the account status will be reset to reflect that it is no longer in margin warning. In the event the account equity meets the Maintenance Margin requirement prior to the daily maintenance margin check, clients may contact FXCM to have their margin warning status removed manually.

If at any time the account equity reaches or falls below the Liquidation Margin Level the Smart Margin feature will automatically trigger the liquidation of all open positions. The liquidation process is entirely electronic, and there is no discretion on FXCM’s part as to the order in which trades are closed.

Pending Entry orders that trigger while the account is in Margin Warning will not execute and will be deleted. If the account is set to non-hedging, it is possible for a Pending Entry order to act as a Stop or Limit when the order is intended to close out any open positions. When the order's trade size is equal to, or less than, the open position's trade size, it will close the relevant positions, again only when the account is set to non-hedging. If the order to close is larger than the open position, the entire entry order will be deleted.

Please note that MT4 users are subject to different margin call procedures. When a margin call is triggered on the account, individual positions are liquidated until the remaining equity is sufficient to support existing position(s). In deciding what positions will be individually liquidated the largest losing position will be closed first during liquidation. For more information MT4 functionality, please review the Metatrader 4 section below.

The MT4 platform does not allow FXCM to include commissions in pre-trade margin calculations on clients' pending orders. This means that if you place a trade with a small amount of available usable margin under the MT4 account, there is a risk that the execution of the orders could trigger immediate margin call right after the execution as the commission charges can result in insufficient margin to maintain your open positions. You should therefore ensure that you have reserved sufficient buffer usable margin before opening new trades.

For more information on the MT4 margin call procedure, please refer to the Metatrader 4 section under "Significant risks of Dealing in CFDs with FXCM".

It is **your responsibility to actively monitor and manage your open positions** and your obligations, including ensuring that you meet your Margin Requirement and the Usable Margin exceeds "0". It is also your responsibility to ensure you are aware of any changes in the Margin Requirement or where the Usable Margin is approaching "0". FXCM is under no obligation to contact you in the event of any change to the Margin Requirement.

You may increase the amount of Usable Margin available in your Account by:

- Closing out or reducing one or more of your open position(s) in order to reduce your Used Margin amount; and/or
- Depositing additional funds into your Account.

If you choose to deposit additional funds into your Account, these additional funds must be Cleared Funds before they will be available.

These steps may not be necessary if there is an increase in the value of your open positions due to a further market fluctuation.

For example: you opened a long (buy) position in a CFD, and the price of the CFD subsequently fell. As a result, your Usable Margin available is close to reaching "0" and you decide to increase the Usable Margin available by closing out your long position at a lesser price (thereby reducing your Margin Requirement), and depending on the amount of Used Margin for the original long position, that amount would then be available for Usable Margin, i.e. it is no longer required to fund an open position.

FXCM does not represent or warrant, or give any assurance that your open positions will be closed out at any particular level. Accordingly, your losses may be higher than what they would have been had FXCM exercised its right to place a liquidation order.

Furthermore, you will be liable for all losses incurred, despite FXCM having had the right to close out your position at a time before you incurred those additional losses. Any such loss may result in you losing all moneys that you have deposited in your Account with FXCM, and Traders shall at all times be liable to FXCM for any debit balances in your account(s).

While FXCM will notify you when your account is close to receiving a margin call, it is nonetheless your responsibility to ensure that your Usable Margin does not fall below the Margin Call trigger level of "0", and to ensure that you do not rely on FXCM to close out your positions should they be nearing, or exceed, the Margin Call level. You may do this by reviewing your Account details on the FXCM Trading Stations with a view to monitoring your Usable Margin, bearing in mind that any additional funds that you deposit into your account will not contribute towards your Account Equity balance until those funds become cleared funds. You may also contact our Client Services Department should you have any queries about your current Margin Requirement obligations.

Open and close times for the underlying reference market are determined by the exchange, or third party execution venue, and not by FXCM. If the client's liquidation event is triggered during the period when the underlying reference market is closed, it may be necessary for the FXCM Trading Desk to wait until the underlying reference market re-opens before liquidation of the CFD positions can be finalised. Depending on market conditions, this could mean that the final price you receive may be a significant number of pips away from the price that triggered your margin call. If your account contains open positions for both CFD and forex at the time a margin call is triggered it is possible that only your forex positions will be liquidated. This would only occur in situations where the underlying reference market for your CFD positions is closed, and the liquidation of your forex positions satisfied your margin call.

#### Changes in Margin Requirement

According to the Terms of Business, FXCM reserves the right to modify at its discretion the margin requirement of any FX Contract or CFD at any time. This, in turn, modifies your Used Margin. For current details of the Margin Requirements we refer you to the FXCM Trading Platforms.

#### ***Conflicts of Interest***

FXCM, its associates or other persons connected with FXCM may have an interest, relationship or arrangement that is material in relation to any CFD entered into with FXCM, or advice provided by FXCM.

FXCM acts in the capacity of a market maker when you trade CFDs. This means you will be trading CFDs directly with FXCM, and not on any financial market. As a market maker, FXCM sets the prices that refer to, but may not always be the same as, those provided by other market makers. FXCM will always act as a principal, not as an agent, for its own benefit in respect of all CFDs with you.

FXCM may choose to act as the buyer when you sell and the seller when you buy. As a result, FXCM's interests may be in conflict with yours, and FXCM may face market risk as a result of entering into trades with you. If FXCM elects not to cover its own trading exposure, then you should be aware that FXCM may make more money if the market goes against you.

In addition, when executing customers' trades, FXCM can be compensated in several ways, which include, but are not limited to: spreads, charging fixed lot-based commissions at the open and close of a trade, and adding a mark-up to rollover, etc.

# TYPES OF CFDs

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## Index CFDs

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FXCM offers CFDs where the underlying reference is an index or basket of Indices.

To view the Index CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/indices](http://www.fxcm.com/au/help/c/product-guide/indices).

### ***Margin Requirements***

Margin requirements can periodically change to account for changes in market volatility and currency exchange rates. In addition to periodic updates that may take place each month, extreme market movements or event risk may necessitate unscheduled intra-month updates. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

**For margin requirements, please refer to our website [www.fxcm.com/au/trading-details/margin-updates](http://www.fxcm.com/au/trading-details/margin-updates).**

### ***Trading Hours***

FXCM Index CFD trading hours is based on when their underlying reference markets are open. FXCM indices will not be open for trading during holidays in which the reference markets are closed. You may also note that some indices have an intraday break in addition to a daily closing. During these times you will not be able to place stop and limit orders, close existing positions or open new ones. All trading functionalities will cease during intraday breaks, after the daily closing and upon the end of the week's close.

**For CFD trading hours, please refer to the document **FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>.** Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Index CFD Pricing***

For CFDs on indexes, we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and apply the fair value to convert the futures reference price into a cash price, and then add our mark-up. Fair value is a widely recognized calculation to represent the theoretical assumption of where a futures contract should be priced given such things as the current index level, index dividends, days to expiration and interest rates. We will seek to provide bid and offer prices that are reasonably related to current market conditions in respect of the underlying markets. We ensure that the price we offer at any given time is always considered fair and the best price we can offer the client. FXCM may offer different prices to different clients.

### ***Contract/Trade Size***

FXCM utilizes a 'lot based' trading system. Therefore, you are only able to trade in the 'Minimum Trade Size' or multiples thereof. Whenever a trade is opened, a tick or pip cost is associated with each lot to provide precise profit and loss calculations in real time. The tick or pip cost associated with each instrument automatically converts your profit and loss into the currency of your account, therefore, negating any currency fluctuation risk.

### ***Pip Cost***

As profit and loss is converted into the account currency, a pip cost is associated with each product. For example, if the trading account is dominated in AUD then all of the profit and loss will be calculated in AUD. If you traded the UK 100 (which is priced in GBP), FXCM shall automatically convert profit and loss into AUD. The PIP cost details the conversion rate, which, in this case would be the GBP/AUD exchange rate. If 1 lot of the UK 100 was being traded, and if the GBP/AUD exchange rate was 1.6400, then the pip cost would be 0.1640 converting all profit/loss from the UK100 trade into AUD. The pip cost on display in the Trade Station shows the cost per point for a single contract traded.



## **Minimum Margin Requirements (MMR)**

FXCM Margin Rates are displayed in the dealing rates window on Trading Station and detail the client's capital obligation to buy or sell the minimum contract of a single index. FXCM has standardized minimum trade size for each instrument to make calculating the margin required to place a trade straight forward. The margins detailed are FXCM's default margin requirements.

For example, the MMR is detailed as \$220 for 1 US30. If a trade is placed for a larger amount, the total MMR will increase. Using the example for the US30, if a client placed a trade for 5 US30 the MMR would be 5 multiplied by the minimum MMR (\$220) creating a MMR of \$1100 to open a trade for 5 US30.

## **Spreads**

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

## **Financing Costs**

Costs of carry and dividends make up the overnight credits/debits. The value of these two variables is independent of one another. The overall credit/debit that is applied to your account will depend on the size of the open trade.

### **Finance charges**

Interest rates are a factor in any market. FXCM's daily interest debit or credit amounts (hereafter "rollover") applied to positions held past 5PM ET, and are based on the total face value of the position. Our rollover rates are calculated by referencing the relevant benchmark rate for all index products. Each day, the rollover amounts per lot are shown transparently in the simple dealing rates window. Index positions that are open at the close of business on Friday will incur 3 day rollover. Note that FXCM's financing mark-up on Index CFDs is approximately 3% for long positions, -3% for short positions on SOFR instruments and -2.5% for short positions on other instruments, but this can vary and be adjusted from time to time. To avoid rollover, you can close your position before 5PM ET and the charge would not apply.

### **Rollover formula:**

$$\text{Closing price} \times \left( \frac{\text{benchmark rate}}{100} \pm \text{mark-up} \right) \times \frac{\text{trade size}}{\text{days in a year}}$$

**Example:**

(Using a hypothetical 3% mark-up for the purposes of this example only)

Because the AUS200 is an Australian Index, the AONIA Rate is used (for this example 2.795%) to calculate interest. Since this rate is expressed in a percentage, this 2.795 needs to be divided by 100 before it can be used in our formula. Then FXCM’s mark-up is applied to the benchmark rate, which is now +3% for long positions (2.795/100 + 0.03) and -2.5% for short positions. (2.795/100 - 0.025).

Then, multiply this amount by the closing price of the AUS200 for the previous day:

$$5722.4 * [(2.795/100) + 0.03]$$

Now, divide this amount by 360, the number of days typically used in financial formulas. This gives us the appropriate interest rate for just 1 day of holding the position rather than an interest rate for the entire year.

$$5722.4 * [(2.795/100) + 0.03] / 360$$

Now, we need to take into account the trade size. Since the AUS200 is a fraction of the full future, the final amount needs to be multiplied by 0.1.

Because the rollover amount is a charge, the number need to be multiplied by -1.

$$[5722.4 * [(2.795/100) + .03] / 360] * 0.1 * -1] + .022 = -.0701 \text{ Rollover per 1 AUS200 contract.}$$

**Dividends**

Applicable to most cash indices, dividend payments will be applied as debit/credit along with the rollover to your open positions. On the Trading Station platform, you may refer to the specific dividend column for the dividend payments (upcoming daily dividends adjustments can be seen in the “Div S” and “Div B” columns, see Diagram 1). Adjustments will apply on the eve of the ex-dividend date of the constituent members of the relevant Index. The adjustment amounts will appear in the separate adjustment column on your statement.

	Roll S	Roll B	Div S	Div B
	0.00	-0.38	-0.39	0.30

Diagram 1(for illustration purpose only)

When equity goes ex-dividend, the price of that equity theoretically decreases by the dividend amount. In practice, this does not always happen as there are many market forces affecting an equity price. The amount of points an index cash CFD drops by is dependent on the weighting of the equity within the index. If more than one constituent equity of an index CFD goes ex-dividend on the same day, the amount of points each equity will theoretically cause the sector or index to drop by is added together to calculate the total amount of dividend points or ‘drop points’. FXCM will either collect or pay dividends on the hedge positions that we have entered into against client issued CFDs.

Where an index is a Total Return Index, dividend payments will not be credited/debited.

An example of a total return index is the GER30 where the cash disbursements are reinvested back into the index.

### **Credits and debits**

Please note that the Roll S and Roll B displayed in the dealing rates window are the costs per contract. Since such is the case, the clients will pay or earn whatever the charge is, times the size of the position the client is holding.

#### ***Example:***

- Client is long 100 US 30.
- Current Roll (B) is -0.17 (as displayed in the dealing rates window).
- Assuming the client is a holder of this position through 5PM (New York time), they will be assessed a charge of \$17.00 for that particular trading day.

### ***Cash Index Contract Expiration***

All cash index positions will remain open until they are closed by the client or the position is liquidated due to insufficient margin to support the open position.

### ***Futures Index Contract Expiration and Financing***

All Futures index positions (such as VOLX) have a periodic expiration and no overnight holding costs. Clients who hold an open position on the 'FXCM Expiration' date will be closed during market break at our bid/offer price from market close, which is at approximately 5PM EST (New York time)\* (note that on Fridays the market close is at approximately 4:45PM EST (New York time)). This means that any floating P/L at the time of expiration, will also be realised.

\*FXCM's official monthly expirations are based on Eastern Standard Time (EST) or New York time.

#### ***Example:***

- Client is long 5 VOLX CFDs @ 31.000.
- At market close on the day of FXCM Expiration, the expiring month is trading at 31.200.
- The customer position is closed at 31.200 and the profit is credited to the client's trading account.
- All pending Stop and Limit orders that are associated with the expiring contract will be cancelled.

- Client will need to re-establish another long position (assuming they wish to) and reinsert Stop and Limit orders to the new open position.

**You can find the expiration dates on the document FXCM CFD Expirations**, which can be accessed via:  
<https://docs.fxcorporate.com/user-guide/FXCMCFDExpirations.pdf>.

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# Commodity CFDs

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FXCM offers CFDs where the underlying reference is a commodity.

To view the Commodity CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/commodities](http://www.fxcm.com/au/help/c/product-guide/commodities).

## ***Margin Requirements***

Margin requirements can periodically change to account for changes in market volatility and currency exchange rates. In addition to periodic updates that may take place each month, extreme market movements or event risk may necessitate unscheduled intra-month updates. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

**For margin requirements, please refer to our website [www.fxcm.com/au/trading-details/margin-updates](http://www.fxcm.com/au/trading-details/margin-updates).**

## ***Trading Hours***

FXCM's Commodity trading hours are based on the underlying reference market prices and opening hours. Commodity products will not be open for trading during holidays in which the reference market is closed. Similar to many indices, commodity products have a daily break in addition to a daily closing; during this time you will still be able to place stops and limits. You will not be able to close existing positions or open new ones. MT4 accounts will not be able to amend or place stops/limits when the instrument is closed. All trading functionalities will cease upon the week end closing.

**For CFD trading hours, please refer to the document **FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>.** Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

## ***Commodity Pricing***

For CFDs on commodities we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and then add our mark-up.

## ***Contract Size/Trade Size***

FXCM utilizes a 'lot-based' trading system. This means that all FXCM products are aggregated into standardized trade sizes. These sizes generally replicate the underlying reference instrument (the futures or cash instrument) or are a fraction of that figure. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, such as USOil.

## ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

## ***Minimum Margin Requirements (MMR)***

FXCM Margin Rates are displayed in the dealing rates window on the Trade Station and detail the client's capital obligation to buy or sell 1 contract of a Commodity CFD. FXCM has standardized minimum/incremental trade sizes for each instrument. To calculate the margin required to place the minimum trade size, simply multiply the minimum trade size by the margin required (per contract) displayed in the dealing rates window. The margins detailed are FXCM's default margin requirements.

For example:

- USOil - minimum trade size is 1 contract
- MMR is \$80 (US) per contract
- 1 contract x \$80 = \$80

## **Spreads**

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

## **Financing Costs**

No overnight credits/debits or dividends are applicable to FXCM Commodity products that expire.

All spot positions are rolled to the next trading day. Depending on whether you are Long (buy) or Short (sell) you will either be debited or credited rollover interest on a daily basis. Details of FXCM's rollover rates (rolls) are detailed on the Trade Station in a transparent manner. Please note that all open positions at the close of business on Wednesday at 5PM EST (New York time) incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward.

## **Expiration**

Certain commodity products have a periodic expiration. Clients who hold an open position on the 'FXCM Expiration' date will be closed during market break at our bid/offer price from market close, which is at approximately 5PM EST (New York time)\* (note that on Fridays the market close is at approximately 4:45PM EST (New York time)). This means that any floating P/L at the time of expiration, will also be realised.

\*FXCM's official monthly expirations are based on Eastern Standard Time (EST) or New York time.

### *Example:*

- Client is long 5 USOil CFDs @ 72.00.
- At market close on the day of FXCM Expiration, the expiring month is trading at 73.00.
- The customer position is closed at 73.00 and the profit is credited to the client's trading account.
- All pending Stop and Limit orders that are associated with the expiring contract will be cancelled.
- Client will need to re-establish another long position (assuming they wish to) and reinsert Stop and Limit orders to the new open position.

**You can find the expiration dates on the document FXCM CFD Expirations**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDExpirations.pdf>.

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# Metal CFDs

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FXCM offers CFDs where the underlying reference is a precious metal.

To view the Metal CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/metals](http://www.fxcm.com/au/help/c/product-guide/metals).

## ***Margin Requirements***

Margin requirements can periodically change to account for changes in market volatility and currency exchange rates. In addition to periodic updates that may take place each month, extreme market movements or event risk may necessitate unscheduled intra-month updates. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

**For margin requirements, please refer to our website [www.fxcm.com/au/trading-details/margin-updates](http://www.fxcm.com/au/trading-details/margin-updates).**

## ***Trading Hours***

Metal CFD products are available to trade when markets are open. During these hours you are able to open and close trades and place limit and stop orders. When the market is closed you will not be able to place any trades or stop or limit orders.

**For CFD trading hours, please refer to the document **FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>.** Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Metal CFD Pricing***

For CFDs on metals we form our prices with reference to prices we receive from our selected price sources; then we remove prices that we deem are inaccurate, outliers, or outdated prices; then we calculate a value weighted average using the available liquidity associated with each price; and then we apply our mark-up which may vary for each instrument.

### ***Contract Size/Trade Size***

FXCM utilizes a 'lot-based' trading system. This means that all FXCM products are aggregated into standardized trade sizes. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, whether it is XAU/USD or XAG/USD.

### ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

### ***Minimum Margin Requirements (MMR)***

FXCM Margin Rates are displayed in the dealing rates window on the Trade Station and detail the client's capital obligation to buy or sell the minimum trade size of Metal CFD. To calculate the margin required to place the minimum trade size, you simply multiply the minimum trade size by the margin required (per contract) which is displayed in the dealing rate.

The margins detailed are FXCM's default margin requirements.

### ***Spreads***

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

## **Financing Costs**

All open Metal CFD positions are rolled to the next trading day. Depending on whether you are Long (buy) or Short (sell) you will either be debited or credited rollover interest on a daily basis. Details of FXCM's rollover rates (rolls) are detailed on the Trade Station in a transparent manner. Please note that all open positions at the close of business on Wednesday at 5PM EST (New York time) incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward. Furthermore, the rollover detailed on Trading Station is for 1 contract, e.g. 1 ounce of gold or silver, and not the minimum trade size.

Copper is the only metal which is not subject to rollover interest.

## **Expiration**

Copper is the only metal to have a once every other month expiration. All other metal trades will remain open until such time the client closes the position or there is insufficient margin to support the open position. For Copper, the open position will be closed by FXCM.

Clients who hold an open position in Copper on the 'FXCM Expiration' date will be closed during market break at our bid/offer price from market close, which is at approximately 5PM EST (New York time)\* (note that on Fridays the market close is at approximately 4:45PM EST (New York time)). This means that any floating P/L at the time of expiration, will also be realised. There are no rollovers for Copper contracts.

\*FXCM's official monthly expirations are based on Eastern Standard Time (EST) or New York time.

### *Example:*

- Client is long 5 Copper @ 3.700.
- On the day of FXCM Expiration, the expiring month is trading at 3.710.
- The customer position is closed at 3.710 and the profit is credited to the client's trading account.
- All pending Stop and Limit orders that are associated with the expiring contract will be cancelled.
- Client will need to re-establish another long position (assuming they wish to) and reinsert Stop and Limit orders to the new open position.

**You can find the expiration dates of Copper on the document **FXCM CFD Expirations**, which can be accessed via:**

<https://docs.fxcorporate.com/user-guide/FXCMCFDExpirations.pdf>.

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# Treasury CFDs

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FXCM offers CFD where the underlying reference is a treasury product.

To view the Treasury CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/treasury](http://www.fxcm.com/au/help/c/product-guide/treasury).

## ***Margin Requirements***

Margin requirements can periodically change to account for changes in market volatility and currency exchange rates. In addition to periodic updates that may take place each month, extreme market movements or event risk may necessitate unscheduled intra-month updates. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

**For margin requirements, please refer to our website [www.fxcm.com/au/trading-details/margin-updates](http://www.fxcm.com/au/trading-details/margin-updates).**

## ***Trading Hours***

Treasury trading hours vary as per different products. During these hours you are able to open and close trades and place limit and stop orders. When the market is closed you will not be able to place any trades, stops or limits.

**For CFD trading hours, please refer to the document **FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>.** Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Treasury Pricing***

For CFDs on treasuries we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and then add our mark-up.

### ***Contract Size/Trade Size***

FXCM utilises a 'lot-based' trading system. This means that all FXCM products are aggregated into standardised trade sizes. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, such as BUND.

### ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

### ***Minimum Margin Requirements (MMR)***

FXCM Margin Rates are displayed in the dealing rates window on Trading Station and detail the client's capital obligation to buy or sell the minimum trade size of a Treasury product. FXCM has standardised minimum/incremental trade sizes for each instrument. To calculate the margin required to place the minimum trade size, simply multiply the trade size by the margin required (per contract), which is displayed in the dealing rate. The margins detailed are FXCM's default margin requirements.

### ***Spreads***

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

### ***Financing Costs***

No overnight credits/debits or dividends are applicable to FXCM Treasury products.

## ***Expiration***

Treasury products have different expiration dates. Clients who hold an open position on the "FXCM Expiration" date, will be closed during market break at our bid/offer price from market close. This means that any floating P/L at the time of expiration will also be realized. There are no rollovers for all Treasury contracts offered.

\*FXCM's official monthly expirations are based on Eastern Standard Time (EST) or New York time.

**You can find the expiration dates for Treasury products on the document **FXCM CFD Expirations**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDExpirations.pdf>.**

PLEASE NOTE THAT CME GROUP MARKET DATA IS USED UNDER LICENSE AS A SOURCE OF INFORMATION FOR CERTAIN FXCM PRODUCTS. CME GROUP HAS NO OTHER CONNECTION TO FXCM PRODUCTS AND SERVICES AND DOES NOT SPONSOR, ENDORSE, RECOMMEND OR PROMOTE ANY FXCM PRODUCTS OR SERVICES. CME GROUP HAS NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE FXCM PRODUCTS AND SERVICES. CME GROUP DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY MARKET DATA LICENSED TO FXCM AND SHALL NOT HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN CME GROUP AND FXCM.

# Cryptocurrency CFDs

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FXCM offers CFD where the underlying reference is a Cryptocurrency product or basket of Cryptocurrency products.

To view the Cryptocurrency CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/cryptocurrency](http://www.fxcm.com/au/help/c/product-guide/cryptocurrency).

## **Margin Requirements**

Unlike other FXCM Products, Cryptocurrency Margin Requirements are updated daily.

Margins are updated shortly after the weekly market open (Sunday 6PM EST (New York time)) and then updated daily (between 4:45PM and 6PM EST (New York time)).

If the current leverage available was 2:1 then the margin requirement would be the equivalent of half of the notional value of 1 contract at 5PM EST (New York time).

For example, if the BTC/USD rate is 8000.00 at 5PM EST (New York time), the Margin Requirement for one contract (which would have a notional value of \$80.00 USD, as 100 FXCM contracts equals 1 bitcoin) will be updated to \$40.00 USD.

In addition to daily updates, extreme market movements or event risk may necessitate unscheduled intra-day updates.

Note, current cryptocurrency product leverage is subject to change. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

## **Trading Hours**

Cryptocurrency trading is generally available to trade 24 hours per day. During these hours you are able to open and close trades and place limit and stop orders. When the market is closed you will not be able to place any trades, stops or limits.

**For CFD trading hours, please refer to the document FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>. Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.



Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Cryptocurrency Pricing***

For CFDs on cryptocurrencies we form our prices with reference to prices we receive from our selected price sources; then we remove prices that we deem are inaccurate, outliers, or outdated prices; then we calculate a value weighted average using the available liquidity associated with each price; and then we apply our mark-up which may vary for each instrument.

### ***Contract Size/Trade Size***

FXCM utilises a 'lot-based' trading system. This means that all FXCM products are aggregated into standardised trade sizes. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, such as BTC/USD.

### ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

### ***Minimum Margin Requirements (MMR)***

FXCM Margin Rates are displayed in the dealing rates window on Trading Station and detail the client's capital obligation to buy or sell the minimum trade size of any Cryptocurrency product. FXCM has standardised minimum/incremental trade sizes for each instrument. To calculate the margin required to place the minimum trade size, simply multiply the trade size by the margin required (per contract), which is displayed in the dealing rate. The margins detailed are FXCM's default margin requirements.

## ***Spreads***

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

## ***Financing Costs***

All open Cryptocurrency CFD positions are subject to overnight financing charges. Details of FXCM's rollover rates (rolls) are detailed on the Trade Station in a transparent manner. Please note that all open positions at the close of business on Friday at 5PM EST (New York time) incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward.

## ***Expiration***

All Cryptocurrency positions will remain open until they are closed by the client or the position is liquidated due to insufficient margin to support the open position.

## ***Trade Restrictions***

FXCM allows long and short trading on all our trading catalogue. However due to the high volatility and low liquidity when trading cryptocurrencies, there may be instances where new positions are unable to be opened. During any period in which a cryptocurrency has a trading restriction applied, any market orders or triggered pending entry orders will be rejected and deleted. Pop ups will appear on the Trading Station informing of the reason for the rejection.

Any restrictions are temporary and will only impact your ability to enter trades. You will still be able to close open positions.

# Single Share CFDs (SSCFD)

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FXCM offers CFD where the underlying reference is stock price of a public traded company.

To view the Single Share CFDs offered by FXCM and the relevant trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/single-share-cfds](http://www.fxcm.com/au/help/c/product-guide/single-share-cfds).

## **Margin Requirements**

Unlike most other FXCM Products, SSCFD Margin Requirements are updated daily.

Margins are updated daily (between 5PM and 6PM EST (New York time)).

If the current leverage available was 5:1 then the margin requirement would be the equivalent of a 1/5th of the notional value of 1 contract at 5PM EST (New York time).

For example, if the AAPL.US rate is 318.00 at 5PM EST (New York time), the notional value of 1 position would be 31.80 USD (as FXCM's SSCFD are micronized) and the Margin Requirement for one contract will be updated to \$6.36 USD.

In addition to daily updates, extreme market movements or event risk may necessitate unscheduled intra-day updates.

Note, SSCFD product leverage is subject to change. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

## **Trading Hours**

FXCM SSCFD trading hours are based on when their underlying reference markets are open. SSCFDs will not be open for trading during holidays in which the reference markets are closed. You may also note that some SSCFDs have an intraday break in addition to a daily closing. During these times you will not be able to place stop and limit orders, close existing positions or open new ones. All trading functionalities will cease during intraday breaks, after the daily closing and upon the end of the week's close.

Our CFDs may be available for trading during times that are different than the opening times of the markets for trading the underlying assets. The trading hours for our CFDs are determined based on trading hours and liquidity of the reference underlying asset. "Market hours" is to be construed as both the trading hours (opening times) of the underlying markets and as the extended trading hours, i.e. hours different than the opening times of the underlying markets, during which a CFD trade can also be executed.

Under normal circumstances, we strive to adhere to the pre-determined trading hours we have published in advance on our websites, however trading conditions may cause us to deviate from such trading hours as we reasonably determine. In order to maintain an orderly market, we may deviate from such trading hours in an effort to protect our clients from prices or executions that are not representative of what we consider an accurate market price.

**For CFD trading hours, please refer to the document FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>. Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***SSCFD Pricing***

For CFDs on single shares we form our prices with reference to prices we receive from the market or exchange for the underlying assets, we modify the price by a nominal amount in a random manner to prevent the reference price from being reverse engineered, and then add our mark-up.

### ***Contract Size/Trade Size***

FXCM utilises a 'lot-based' trading system. This means that all FXCM products are aggregated into standardised trade sizes. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, such as NFLX.US.

FXCM SSCFDs will have a notional value of 1/10<sup>th</sup> of a normal Share unless indicated otherwise in the Product Guide.

### ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

FXCM offers Micro Contracts for SSCFD, where the pip cost of your position may be either less than 0.01 CCY or not a multiple of 0.01 CCY.

Please note that all Profit or Loss calculations are calculated and credited/debited to two decimals, and therefore rounding up or down may be required.

### ***Minimum Margin Requirements (MMR)***

FXCM Margin Rates are displayed in the dealing rates window on Trading Station and detail the client's capital obligation to buy or sell the minimum trade size of any SSCFD product. FXCM has standardised minimum/incremental trade sizes for each instrument. To calculate the margin required to place the minimum trade size, simply multiply the trade size by the margin required (per contract), which is displayed in the dealing rate. The margins detailed are FXCM's default margin requirements.

### ***Spreads***

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

### ***Financing Costs and Dividend Withholdings***

Costs of carry and dividends make up the overnight credits/debits. The value of these two variables is independent of one another. The overall credit/debit that is applied to your account will depend on the size of the open trade.

#### **Finance charges**

FXCM's daily interest debit or credit amounts (hereafter "rollover") applied to positions held past 5PM ET, and are based on the total face value of the position. Our rollover rates are calculated by referencing the relevant benchmark rate for all SSCFD products. Each day, the rollover amounts per lot are shown transparently in the simple dealing rates window. SSCFD positions that are open at the close of business on Friday will incur 3 day rollover. Note that FXCM's financing mark-up on SSCFDs is 5.25% for long positions and 2.75% for short positions on other instruments, but this can vary and be adjusted from time to time. To avoid rollover, you can close your position before 5PM ET and the charge would not apply.

**Rollover formula:**

$$\frac{\text{Closing price} \times \left( \frac{\text{benchmark rate}}{100} \pm \text{mark-up} \right)}{(\text{days in a year})} \times (\text{trade size} \times 0.1)$$

**Example:**

(Using a hypothetical 5.25% mark-up for the purposes of this example only)

Because NFLX is an US stock, the SOFR Rate is used (for this example 0.75% is used) to calculate interest. Since this rate is expressed in a percentage, this 0.75 needs to be divided by 100 before it can be used in our formula. Then FXCM's mark-up is applied to SOFR, which is now 5.25% for long positions (0.75/100 + 0.0525) and 2.75% for short positions (0.75/100 + 0.0275).

Then, multiply this amount by the closing notional value of one NFLX.US position for the previous day (40.00 USD in this example):

$$40 \text{ USD} * [(0.75/100) + 0.0525]$$

Now, divide this amount by 360, the number of days typically used in financial formulas. This gives us the appropriate interest rate for just 1 day of holding the position rather than an interest rate for the entire year.

$$40 \text{ USD} * [(0.75/100) + 0.0525] / 360$$

Because the rollover amount is a charge, the number need to be multiplied by -1.

$$40 \text{ USD} * [[(0.75/100) + 0.0525] / 360 * -1] = -0.00667 \text{ USD Rollover per 1 NFLX.US contract.}$$

Please note Financing Costs are rounded to five decimals.

**Credits and debits**

Please note that the Roll S and Roll B displayed in the dealing rates window are the costs per contract. Since such is the case, the clients will pay or earn whatever the charge is, times the size of the position the client is holding.

**Example:**

- Client is long 100 AMZN.US.
- Current Roll (B) is -0.0367 (as displayed in the dealing rates window).
- Assuming the client is a holder of this position through 5PM EST (New York time), they will be assessed a charge of \$3.67 for that particular trading day.

## Dividends

Applicable to most stocks, dividend payments will be applied as debit/credit along with the rollover to your open positions. On the Trading Station platform, you may refer to the specific dividend column for the dividend payments (upcoming daily dividends adjustments can be seen in the "Div S" and "Div B" columns, see Diagram 1). Adjustments will apply on the eve of the ex-dividend date of the referenced stock. The adjustment amounts will appear in the separate adjustment column on your statement.

	Roll S	Roll B	Div S	Div B
	0.00	-0.38	-0.39	0.30

Diagram 1(for illustration purpose only)

When an equity goes ex-dividend, the price of that equity theoretically decreases by the dividend amount. In practice, this does not always happen as there are many market forces affecting an equity price. FXCM will either collect (if a client is short) or pay dividends (if a client is long) on the hedge positions that we have entered into against client issued CFDs.

## Withholdings

As per Section 871 of the US tax code, a tax applies on dividend adjustments to traders of equity derivatives of US stocks.

In accordance with FXCM's obligation under this US tax regulation, 30% of all dividend adjustments credited to your account are withheld at the time of credit and passed on by FXCM to the US Internal Revenue Service.\*

The value seen in the platform is already inclusive of that withholding.

Note: When your account is debited, FXCM also pass on 30% of that debit.

\* This tax treatment is applied by default to all positions and may be subject to change in the future. Rebates may be available depending on your individual tax and residency circumstances, or may differ based on the respective jurisdiction. Please contact FXCM support if you believe you may be entitled to a rebate for additional information you will need to provide. This information is for references purposes only, and reliance on the information contained herein is not an alternative to legal advice from an attorney or other professional legal/accounting services provider. This information is not intended as a financial or an investment advice and must not be construed as such. Seek advice from a separate financial advisor. FXCM assumes no liability for errors, inaccuracies or omissions; does not warrant the accuracy, completeness of the information or other items contained within these materials.

# Stock Baskets

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FXCM offers CFDs where the underlying reference is collection of stocks.

To view the Stock Baskets offered by FXCM and the relevant components and trading parameters, please refer to the CFDs Product Guide section on [www.fxcm.com/au/help/c/product-guide/stock-baskets](http://www.fxcm.com/au/help/c/product-guide/stock-baskets).

## **Margin Requirements**

Unlike most other FXCM Products, Stock Baskets Margin requirements are updated daily.

Margins are updated daily after the market close.

If the current leverage available was 5:1 then the margin requirement would be the equivalent of a 20% of the notional value of 1 contract during the market break.

For example, if the FAANG rate is 2000.00 during the market break and the leverage was 5:1, the Margin Requirement for one contract will be updated to \$400.00 USD.

In addition to daily updates, extreme market movements or event risk may necessitate unscheduled intra-day updates.

Note, current Stock Basket product leverage is subject to change and may differ per instrument. Up-to-date margin requirements are displayed in the Simplified Dealing Rates window of the Trading Station.

## **Trading Hours**

Stock Basket trading is generally only available while the underlying stock exchange is open. During these hours you are able to open and close trades and place limit and stop orders. When the market is closed you will not be able to place any trades, stops or limits.

**For CFD trading hours, please refer to the document FXCM CFD Trading Hours**, which can be accessed via: <https://docs.fxcorporate.com/user-guide/FXCMCFDTradingHours.pdf>. Please note that all hours in the FXCM CFD Trading Hours document are stipulated in GMT. Due to the observance of daylight saving time, trading hours and break time are subject to change from time to time.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.



Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Stock Basket Pricing***

FXCM Stock Baskets employs a methodology that uses a weighting of each of its component at the time of inception and then measures the changes in value of that weighting over time. In order to ensure a clear and transparent index, current spot rates from the underlying exchanges are the only variable in the equation.

### ***Rebalancing***

In the event of significant drawdown of one of the components or a corporate action, Stock Baskets may require a periodic rebalancing. In the event of a rebalancing all open positions on that Basket may be closed with little or no notice.

### ***Contract Size/Trade Size***

FXCM utilises a 'lot-based' trading system. This means that all FXCM products are aggregated into standardised trade sizes. This simplifies trading by allowing clients to trade in lot increments, and also provides a price for each lot size rather than averaging open and close prices when multiple positions are taken in the same instrument. A tick or pip value is associated with each lot for precise calculations, and profits and losses on a position are automatically converted into the currency of the particular account. For example, a euro-denominated account will experience real-time profit or loss in euro when trading any instrument, such as FAANG.

### ***Pip Cost***

Pip cost is determined in the same manner as it is done for the various CFDs offered. Please refer to the "What is Pip Cost?" section for the detailed explanation.

### **Minimum Margin Requirements (MMR)**

FXCM Margin Rates are displayed in the dealing rates window on Trading Station and detail the client's capital obligation to buy or sell the minimum trade size of any Stock Basket product. FXCM has standardised minimum/incremental trade sizes for each instrument. To calculate the margin required to place the minimum trade size, simply multiply the trade size by the margin required (per contract), which is displayed in the dealing rate. The margins detailed are FXCM's default margin requirements.

### **Spreads**

The spreads on these instruments are variable and will change as a result of market liquidity and volatility. Spreads are displayed on the trading platforms. You can also refer to our website [www.fxcm.com/au](http://www.fxcm.com/au) for more information about spread costs on these instruments.

### **Financing Costs and Dividends Withholdings**

Costs of carry and dividends make up the overnight credits/debits. The value of these two variables is independent of one another. The overall credit/debit that is applied to your account will depend on the size of the open trade.

#### **Finance charges**

FXCM's daily interest debit or credit amounts (hereafter "rollover") applied to positions held past 5PM ET, and are based on the total face value of the position. Our rollover rates are calculated by referencing the relevant benchmark rate of the Stock Baskets. Each day, the rollover amounts per lot are shown transparently in the simple dealing rates window. Stock Basket positions that are open at the close of business on Friday will incur 3 day rollover. Note that FXCM's financing mark-up on Stock Baskets is approximately 3% for long positions, -3% for short positions, but this can vary and be adjusted from time to time. To avoid rollover, you can close your position before 5PM ET and the charge would not apply.

#### **Rollover formula:**

$$\frac{\text{Close price of the Basket} \times \left( \frac{\text{benchmark rate}}{100} \pm \text{mark-up} \right)}{\text{days in a year}} \times \text{trade size}$$

**Example:**

(Using a hypothetical 3% mark-up for the purposes of this example only)

Because the FAANG Basket is a US stock basket, the SOFR rate is used (for this example 1.0%) to calculate interest. Since this rate is expressed in a percentage, this 1.0 needs to be divided by 100 before it can be used in our formula. Then FXCM’s mark-up is applied to SOFR, which in this example is +3% for long positions (expressed as 0.03 below).

Then, multiply this amount by the closing price of FAANG for the previous day (3050.25 in this example):

$$3050.25 * [(1/100) + 0.03]$$

Now, divide this amount by 360, the number of days typically used in financial formulas. This gives us the appropriate interest rate for just 1 day of holding the position rather than an interest rate for the entire year.

$$3050.25 * [(1/100) + 0.03] / 360$$

Because the rollover amount is a charge, the number need to be multiplied by -1.

$$3050.25 * [[(1/100) + 0.03] / 360 * -1] = -0.34 \text{ USD Rollover per 1 FAANG contract.}$$

**Dividends**

Applicable to most Stock Baskets, dividend payments will be applied as debit/credit along with the rollover to your open positions. On the Trading Station platform, you may refer to the specific dividend column for the dividend payments (upcoming daily dividends adjustments can be seen in the “Div S” and “Div B” columns, see Diagram 1). Adjustments will apply on the eve of the ex-dividend date of the constituent members of the relevant basket. The adjustment amounts will appear in the separate adjustment column on your statement.

	Roll S	Roll B	Div S	Div B
	0.00	-0.38	-0.39	0.30

Diagram 1(for illustration purpose only)

When an equity goes ex-dividend, the price of that equity theoretically decreases by the dividend amount. In practice, this does not always happen as there are many market forces affecting an equity price. The amount of points a Stock Basket drops by is dependent on the weighting of the equity within the basket. If more than one constituent equity of a Stock Basket goes ex-dividend on the same day, the amount of points each equity will theoretically cause the sector or basket to drop by is added together to calculate the total amount of dividend points or ‘drop points’. FXCM will either collect or pay dividends on the hedge positions that we have entered into against client issued CFDs.

## **Withholdings**

As per Section 871 of the US tax code, a tax applies on dividend adjustments to traders of equity derivatives of US stocks.

In accordance with FXCM's obligation under this US tax regulation, 30% of all dividend adjustments credited to your account on US bases Stock Baskets are withheld at the time of credit and passed on by FXCM to the US Internal Revenue Service.\*

The value seen in the platform is already inclusive of that withholding.

Note: When your account is debited, FXCM also pass on 30% of that debit.

\* This tax treatment is applied by default to all positions and may be subject to change in the future. Rebates may be available depending on your individual tax and residency circumstances, or may differ based on the respective jurisdiction. Please contact FXCM support if you believe you may be entitled to a rebate for additional information you will need to provide. This information is for references purposes only, and reliance on the information contained herein is not an alternative to legal advice from an attorney or other professional legal/accounting services provider. This information is not intended as a financial or an investment advice and must not be construed as such. Seek advice from a separate financial advisor. FXCM assumes no liability for errors, inaccuracies or omissions; does not warrant the accuracy, completeness of the information or other items contained within these materials.

# FEES AND CHARGES WHEN DEALING IN CFDs

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Fees and charges when dealing in FX Contracts and CFDs may incorporate any or all of the following:

- Spread costs;
- Commission on CFDs executed;
- Rollover at FXCM's Rollover Rates;
- Interest charges applied to debit balances in your Account;
- Administration charges.

Fees and charges may change from time to time. Accordingly, you should ensure that you refer to this PDS for further details.

## ***Spread Costs***

Our spread is the difference between the bid and ask prices. Spreads are subject to variation in accordance with our Terms. At any time, you may view the Dealing Rates window on your Trading Station.

## ***Commissions on CFDs Executed***

### What is FXCM's Commission structure for CFD trades executed?

A Referring Broker may be compensated for introducing a client to FXCM or managing a client on the FXCM product. Such compensation may be on a per-trade basis. Such compensation from the client to a Referring Broker may require the client to incur a mark-up, above and beyond the ordinary spread generally provided by FXCM. Clients using the services of a Referring Broker will be required to fill out a commission acknowledgement form which will describe all additional commissions, fees and mark-ups. FXCM will not charge any commissions without the client's express consent. Commissions are debited from your Account as soon as a trade is executed. Commission charges are viewable in your Account statement at any given points in time.

### Commission

The amount of commission paid to Referring Brokers is negotiated on an individual basis and the commission paid to Referring Brokers ranges from: 0.05 AUD – 0.5 AUD per lot. All clients will be asked to agree to commissions charges prior to any such commissions being charged, via a commissions acknowledgement form.

## Rebates

Client understands and acknowledges that FXCM may compensate Referring Brokers for introducing clients to FXCM and that such compensation may be on a per-trade basis or other basis. Generally, FXCM's compensation to Referring Brokers for introducing clients ranges from 0.1 pip to 2.5 pips per round-turn trade and is taken from the client's transaction costs as a part of FXCM's mark-up.

(For more detailed information on pips, please refer to the Product Disclosure Statement, in the section "Pip Cost".)

## ***Interest-Free Account Fee***

Instead of interest, FXCM adds to the spreads or commission charges for interest-free accounts. The Fees are represented as a mark-up to the spread or an additional commission charge depending on the account type. The Fees are determined by FXCM and are subject to increase or decrease upon FXCM's sole discretion.

The Fees will be charged to the account per side or round-turn lot, depending on the account type and/or pricing model, regardless of whether the position would have been subject to rollover fees. In addition, please be advised that any and all accounts in the name of the account holder, will be subject to the Terms and Conditions of your Interest Free Account. Any abuse of the Interest-Free Account shall render it void, and the said account(s) will become subject to being charged the greater of Fees charged for all lots traded, or rollover fees that would have been charged to the account.

Fees on all account types are subject to change at any time. FXCM reserves the right to change the Fees or to revoke the interest-free option on the account in its sole discretion at any time. Corporate accounts and Joint accounts are not eligible for the interest-free option.

## ***Administration Charges***

### Telegraphic Transfers or "Wire" Fees

FXCM does not charge a fee in order to setup your Account or to deposit funds but there is an administrative charge in order to withdraw funds from your Account. Wire request fees are below.

## Withdrawal Fees

CCY	Domestic Payments*	International Payments	Credit/Debit Card	EFT	Skrill	UnionPay
USD	USD \$25	USD \$40	No Charge	N/A	No Charge	No charge for the first two (2) withdrawals per month**
NZD	NZD \$15	NZD \$30	No Charge	N/A	N/A	N/A
AUD	AUD \$15	AUD \$30	No Charge	No Charge	No Charge	N/A
EUR	€0	€30	No Charge	N/A	N/A	N/A
GBP	£15	£30	No Charge	N/A	N/A	N/A
JPY	¥0	¥3,000	No Charge	N/A	N/A	N/A

\*Domestic wire fees apply when the client's beneficiary bank is located in Australia.

\*\*There is no charge for the first two (2) UnionPay withdrawals per month per account. Any subsequent UnionPay withdrawals in the same month may incur a 1% processing fee with a maximum fee of USD \$10.00.

## Electronic Fund Transfers

FXCM does not charge a fee for Electronic Fund Transfers for Australian residents.

## Credit Card Fees

FXCM does not charge a fee for credit card deposit or withdrawal transactions.

## Deposit Fees

Funding Option	Fee
Bank Wire Transfer	No Charge
Credit / Debit Card	No Charge
BPAY	No Charge
Skrill	No Charge
Union Pay	No Charge

Note: When depositing funds by domestic/international wire, debit/credit cards and/or through a transaction processing service, you may be subject to external charges charged by your bank(s)/intermediary bank(s)/card issuer(s)/payment services provider(s) and/or transaction processing service(s) including but not limited to international transaction fees, currency conversion fees and/or transaction processing fees.

If you deposit funds into an incorrect bank account, you may be charged an administrative fee (the "Fee"). An incorrect bank account is any bank account of another FXCM entity. The Fee will be equal to 50.00 units of the Base Currency or 5,000 JPY. Where applicable, the Fee will be deducted from the Account within 5 business days after the deposit is received by FXCM.

### Inactivity Fee

A dormant account administrative fee (the "Fee") will be charged in relation to any Account if there is no trading activity in a 12 month period. Trading Activity for this purpose is defined as the client (or authorised party) placing a new Trade or maintaining an open Trade.

The Fee will be equal to the lesser of 50.00 units of the Base Currency or the remaining balance, with the exception of accounts denominated in JPY, which will be charged JPY 5,000. In the event that your Account balance is zero (0) after the Fee is charged, your Account may be subject to closure in accordance with the Terms of Business.

### Conversion Fees

If a deposit, withdrawal or transfer requires the conversion from one currency to another, the below mark-ups will be added to the conversion rate. The rate used for the conversion is the most currently updated buy price.

The pip mark-up is determined based on the USD equivalent amount. This means, if your initial currency in the conversion is any other than USD, FXCM will convert the amount based on the current rate to determine the mark-up. No actual conversion takes place on your account for the pip mark-up determination.

<b>Range</b>	<b>Pip Charge</b>
\$0 to \$9,999.99 USD	150
\$10,000 to \$49,999.99 USD	100
\$50,000 to \$99,999.99 USD	50
\$100,000+ USD	10

FXCM reserves the right, in its sole discretion, to refuse to process any conversion requests. The refusal may be including but not limited to the following reasons:

1. The currency denominated account requested by client is not available or not offered by FXCM;
2. If client is suspected of opening the Account solely to convert currency; and
3. To deter possible unusual activity or transaction.

### ***Withdrawal of Money from Your Account***

You may withdraw money from your Account by requesting a withdrawal in the account portal MyFXCM or by sending us a signed withdrawal request specifying your personal details, Account number, the amount you wish to withdraw and the method of payment. If you do not wish to close your Account, you will need to maintain a minimum balance of AUD \$50 or foreign currency equivalent.



Further, FXCM may at its discretion withhold any payments if:

- open positions on your Account show unrealised losses and the withdrawal would result in the Account having insufficient funds to meet Margin Requirements;
- FXCM reasonably considers that funds may be required to meet any current or future Margin Requirement on open positions;
- you have any contingent liability to FXCM or to any of its associates in respect of any other Account you have opened with them;
- FXCM reasonably determines that there is an unresolved dispute between you and FXCM; and/or
- FXCM considers it necessary or desirable to enable FXCM to comply with regulatory/legal obligations.

FXCM will not pay funds to any third party account. Funds requested for withdrawal will only be paid to an account in the same name as the Account held with FXCM.

# FXCM SERVICES AND SUPPORT

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## ***Phone Dealing***

FXCM offers you the option of placing trades over the phone with our dealers. The trading desk is open from Sunday 5:15PM (ET) – Friday 4:55PM (ET). Orders placed prior may be filled until 5PM (ET). However, you will not be able to close existing positions or open new ones after 4:55PM (ET) on Fridays. In the event that a Market GTC Order is submitted right at market close, the possibility exists that it may not be executed until Sunday market open. Please use caution when trading around Friday's market close and factor all the information described above into any trading decision.

## ***Trading and Support***

FXCM representatives are available 24 hours a day, 5 days a week. FXCM CFD trading hours is based on when their underlying reference markets are open. Index CFDs will not be open for trading during holidays in which the reference markets are closed. You may also note that some Index CFDs have an intraday break in addition to a daily closing. During these times you will still be able to place stop and limit orders. However, you will not be able to close existing positions or open new ones. All trading functionalities will cease upon the end of week closing.

## ***User Friendly Trading Station Platform***

FXCM Trading Station Platform is an easy to use online platform to trade CFDs and designed to provide clients with comprehensive market information and a high level of execution. The Trading Station platform allows you to customize your trade station.

## ***Real Time Quotes***

FXCM uses sophisticated technology and/or liquidity providers in order to offer you up-to-the-minute quotes. You may check your accounts and positions in real time and you may do so 24 hours a day.

## ***Trading Education***

FXCM has developed a series of courses that are designed to teach a novice trader basic skills in order to trade; using charts, identifying potential trading opportunities, trade the market based on news, events and economic data, and learn to maximize his/her trading opportunities while managing risks.

### ***Competitive Spread***

FXCM is compensated by the spread. The Spread is the difference between the Buy Price and the Sell Price for any instrument, and is displayed in pips. At any time, you may view the Dealing Rates window on your Trading Station.

### ***Leverage***

CFDs are traded with leverage, allowing a trader to control a large market position while employing a smaller amount of capital than would be required to control an equivalent position in the underlying asset. Leverage can significantly increase both your gains and losses.

Please note that trading forex/CFD's on margin carries a high level of risk and may not be suitable for all investors. The "Significant Risks of Dealing in CFDs with FXCM" section in this PDS detailed the risks associated with trading on margin.

# SIGNIFICANT RISKS OF DEALING IN CFDs WITH FXCM

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You should be aware that trading CFDs offered by FXCM involves risks. It is important that you carefully consider whether dealing in CFD Contracts is appropriate for you in light of your financial circumstances such as your objectives, financial situation and needs.

FXCM will not give you any personal financial product advice. As FXCM will only be providing general advice, this advice will not take into account your objectives, financial situation or needs. Accordingly, ***you should obtain your own financial, legal, taxation and other professional advice as to whether CFDs are an appropriate investment for you.***

FXCM has a risk management framework within the software supporting the Trading Station which, assuming you meet all of your obligations to us (as fully set out in the Terms of Business), attempts to limit your potential loss to the amount of money you have deposited in your account. Retail Clients could sustain a total loss of deposited funds.

FXCM recommends that you do not risk money that you are not in a position to lose and that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop-loss orders). Stop-loss orders assist you in managing your risk by preventing your account from declining below what you are prepared to lose. This type of order is designed to automatically close some or all of your open positions at the best available price once a certain price is reached. A Stop-loss order can only be set at a price less favourable than the current price.

For example: If you buy the AUD/USD at 0.87739 and want the position to close automatically if it moves 1000 pips against you, you would enter a stop-loss order into the Trading Platform at 0.86739. (If you are short, you would enter the stop-loss order above the current price, i.e. 0.88739.)

Please note that your stop-loss orders may be filled at prices inferior to those at which they were originally placed. FXCM will execute a stop-loss order once one of the following conditions is met:

- FXCM's Offer price has reached the stop-loss order price in the case of a buy order, or FXCM's Bid price has reached the stop-loss order price in the case of a sell order; or
- The price offered by FXCM on the relevant Trading Platform has traded at or through the level at which the stop-loss order was placed.

In some market conditions, such as Gapping in the underlying market, the price offered by FXCM on the relevant Trading Platform will also Gap through your specified price (stop level), then the stop-loss order will be executed at the next available price.

**Due to the above factors, FXCM does not guarantee that your stop-loss order will be executed at the same price you requested.**

### ***Negative Balance Protection***

You should ensure at all times that you have a positive balance across all accounts which you hold with us. If any loss or debit balance exceeds all amounts we hold for you such that you have an overall negative balance, you must immediately transfer funds to put your account back into credit. If you are a Retail Client, you are not obliged to make any subsequent or additional payment to us if your account has a negative balance resulting from your trading however, unless you do so, you may not be able to continue trading with us.

### ***Market Risk***

The prices of CFDs are derived from the prices in the underlying market. There exists a risk that the value of your positions will change as a result of a movement in the underlying market price. The prices of CFDs and the underlying reference instruments offered by FXCM such as Indices, Metals, Treasury, and Commodity may fluctuate and reflect unforeseeable events and/or changes in market conditions. Investors can also possibly experience losses due to but not limited to the factors such as changes in currency valuations and suspensions in trading in the underlying financial market, financial instrument or liquidity of the instrument.

Sometimes markets move so quickly that Gapping occurs. If Gapping occurs in the underlying market, it will also occur in the price of the relevant CFD and you may be unable to close out your position or open a new position at the price at which you have placed your order or may have liked to place your order.

### ***Prices/Rates***

Prices/rates quoted may not necessarily reflect the broader underlying market. FXCM will select closing prices to be used in determining Margin Requirements and in marking to market the positions in client accounts. Although these prices can be expected to be relevant underlying market prices of the asset which is the subject of the CFD, prices used may vary from those available and other participants in the markets.

### ***Regulatory Risk***

You may be exposed to the risk of a change in laws and regulations that materially may impact FXCM. A change in laws or regulations made by the government or a regulatory body can possibly increase the costs of operating a business, or possibly reduce the attractiveness of investment financial product.

## ***Hedging Counterparties Policy***

### Introduction

This policy explains the methodologies that Stratos Trading Pty. Limited ("FXCM", "FXCM AU", "us", "our") utilises to manage exposure to market risk, determining exposure limits and information on our hedging counterparties. This policy has been developed with reference to the ASIC Regulatory Guide 227.

### Counterparty risk

You are dealing with FXCM as counterparty to every transaction, and FXCM is acting in the capacity of principal with respect to your transaction.

As we may enter into transactions with other counterparties in relation to exposures from client transactions, you are indirectly exposed to the risk of default by our counterparties. FXCM may also enter transactions as principal with the liquidity providers for certain FXCM affiliate client orders in order to facilitate affiliate companies to manage their market positions. Thus, you are exposed to the financial and business risks, including FXCM's exposure to market risk and credit risk.

You are reliant on FXCM's ability to meet its counterparty obligations to you to settle the relevant contract and rely on us to take appropriate measures to reduce risk. In the unlikely event that FXCM becomes insolvent, we may be unable to meet our obligations to you. You may become an unsecured creditor in an administration or liquidation.

### Market risk mitigation and monitoring

Market risk is defined as the risk that the value of a portfolio, either an investment portfolio or trading portfolio, will decrease due to the change in the value of the market risk factors. The four standard market risk factors are equity prices, interest rates, foreign exchange rates, and commodity prices.

The market risk is monitored on a real time basis which allows FXCM to identify open market risk positions in real time. Customer positions are monitored and managed on a global level. Exposures are monitored and hedging is based on a hierarchy of exposure and margin limits. We have the option to either hold the position, or offset with a market counterparty.

Note that in relation to client trades, FXCM's trading software technology mitigates FXCM's risk. Daily risk monitoring, margin call and close-out procedures is in place to monitor client usable margins, equity levels and initiating close-outs for clients who fail to meet their equity levels or margin requirements.

FXCM Australia uses both group and external counterparties for hedging purposes. Exposure is managed either internally via portfolio hedge trades with group entities, or externally via one of a number of counterparties, via FXCM's Prime Brokers. FXCM also has back-ups for all of its hedging activities and is not overly reliant on a single counterparty.

The FXCM Market Risk Committee monitors and reviews changes in market conditions and how they impact the firm on a global level, and will mitigate market risks by taking pre-emptive measures such as raising margins in order to reduce client exposure, potential losses, while also reducing the risks for FXCM.

#### Credit risk mitigation

FXCM holds funds at various third party financial institutions. FXCM also trades OTC derivatives with third party bank and non-bank counterparties, and therefore would be exposed if these counterparties were to show signs of financial distress or ultimately go into liquidation. A credit review process is carried out for all new third party payment vendor, banking, and trading relationships, and routine monitoring and checks are carried out on counterparty news and credit ratings of counterparties.

At a global level, FXCM has internal policies and procedures for concentration risk, collateral and group credit risk with set limits for credit risks it faces, which are reviewed on an annual basis or whenever there is a significant change to FXCM's business practices, operations or regulatory requirements.

#### List of hedging counterparties

Stratos group entities, including FXCM Australia, cooperate with the following hedging counterparties and liquidity providers:

- Forex Capital Markets, Limited (FXCM UK)
- FXCM Markets Limited
- Advantage Futures LLC
- B2C2 Limited
- Barclays Bank PLC
- Citadel Securities LLC
- Citibank NA London
- CMC Markets UK plc.
- Commerzbank AG
- Deutsche Bank AG
- Euronext FX
- Goldman Sachs International
- HC Technologies, LLC
- Interactive Brokers (U.K.) Limited
- INTL FCStone Financial Inc.
- Jump Trading International Limited
- Morgan Stanley and Co. International PLC
- Mutex Markets Limited
- NatWest Markets Plc
- Nomura Securities Co.
- UBS AG
- Virtu Financial Europe Limited

- XBTO International Limited
- XTX Markets Limited

#### Minimum criteria for accepting hedging counterparties

Prospective counterparties are subject to a review which addresses all pertinent factors such as:

- Market Reputation;
- Legal power of counterparty to enter into the contract;
- Sufficient or enforceable legal documentation;
- Compliance with regulatory requirements;
- Management and security of documents; and
- Financial standing of counterparty.

#### ***FXCM Financial Statement***

You can assess FXCM's financial ability to meet its counterparty obligations by reviewing the financial positions of FXCM. Upon written request, a client may, at no additional cost, obtain a copy of the FXCM's most recent financial statement.

#### ***Leverage Risk***

You should be aware that trading in leveraged Contracts such as the FX Contracts and CFDs offered by FXCM is one of the riskiest forms of investment available in the financial markets and may not be suitable for all investors. In deciding whether or not you wish to become involved in dealing in CFDs with FXCM, you should be aware that:

**CFDs are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investment products such as share trading and you could lose large amounts of money. Retail Clients may sustain a total loss of deposited funds.**

**CFD trading carries a high degree of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade CFDs you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that Retail Clients could sustain a total loss of their initial investment and therefore, you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with trading CFDs, and seek advice from an independent financial advisor if you have any doubts.**

An example of leverage risk: An account with FXCM permits you to trade on a highly leveraged basis (up to approximately 30 times your account equity for Retail Client). An initial deposit of AUD \$500 may enable the trader to take a maximum position of AUD \$15,000 notional market value. In such a case, the funds in an account trading at maximum leverage can be completely lost, if the position(s) held in the account has more than a one percent swing in value. Given the possibility of losing an entire investment, speculation in financial markets



should only be conducted with risk capital funds that if lost will not significantly affect your financial well-being. If you have pursued only conservative forms of investment in the past, you may wish to study financial markets trading further before commencing with an investment of this nature. You must realize that you could sustain a total loss of all funds you deposit with us as initial margin, should the market go against your investment or Gapping occurs in the underlying market making it impossible to execute your stop-loss order (if placed). If you wish to commence trading, you acknowledge that the funds you have committed are purely risk capital and loss of your investment will not jeopardize your style of living nor will it detract from your future retirement program. Additionally, you fully understand the nature and risks of trading FX Contracts and CFDs and your obligations to others will not be impacted should you suffer investment or trading losses.

### ***Systems Risk***

Operational risks in relation to the FXCM Trading Station are inherent in every CFD transaction. For example, disruptions in FXCM's operational processes such as communications, computers, computer networks, software or external events may lead to delays in the execution and settlement of a transaction.

Clients receiving a disruption to the Trading Stations must call FXCM in order to open/close positions. In the event a disruption occurs on the FXCM side, you may be unable to trade in a CFD offered by FXCM when you wish and you may suffer a financial loss or opportunity loss as a result.

FXCM does not accept or bear any liability whatsoever in relation to the operation of the FXCM Trading Station, except to the extent that it is caused by the fraud or dishonesty on the part of FXCM or its employees, agents or representatives.

### ***Execution Risks***

Below you will find information detailing the execution risks associated with FXCM's forex and CFD execution types. FXCM is your counterparty to every transaction. For every transaction FXCM may choose to hedge your trade immediately with a liquidity provider or FXCM may choose to take the other side of your trade. Hedging activities with liquidity provider(s) will be determined in accordance with the broader risk management framework for the Stratos Group.

### ***Internet Trading Risks***

There are risks associated with utilising an internet-based deal-execution trading system including, but not limited to, the failure of hardware, software, and internet connection. Since FXCM does not control signal power, its reception or routing via the internet, configuration of your equipment or reliability of its connection, we cannot be responsible for communication failures, distortions or delays when trading via the internet. FXCM employs backup systems and contingency plans to minimise the possibility of system failure, which includes allowing clients to trade via telephone.

## **CFD Execution Model**

FXCM makes prices for all of the CFD instruments it offers to its clients. Although these prices may be indicative of the underlying market for the product being traded, they do not represent the actual prices of the underlying asset on the physical market or exchange where it is listed.

FXCM acts as the counterparty to every transaction and is acting in the capacity of principal with respect to your transaction. For every transaction, FXCM may choose to hedge your trade immediately with a liquidity provider or FXCM may choose to take the other side of your trade. FXCM acts as the market maker. Hedging activities with third parties will be determined in accordance with the broader risk management framework for the Stratos Group. As such, FXCM may take steps to mitigate the risk accumulated during the market making process. As a market maker, you should be aware that FXCM's interests may be in conflict with yours and FXCM may benefit if the market goes against you. This is further discussed under the Section titled 'Conflict of Interest'.

We will seek to provide bid and offer prices that are reasonably related to current market conditions in respect of the underlying markets. We ensure that the price we offer at any given time is always considered fair and the best price we can offer the client.

FXCM may choose to act as the buyer when you sell and the seller when you buy. As a result, FXCM's interests may be in conflict with yours, and FXCM may face market risk as a result of entering into trades with you. If FXCM elects not to cover its own trading exposure, then you should be aware that FXCM may make more money if the market goes against you.

## **Slippage**

FXCM aims to provide clients with the best execution available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to slippage. Slippage most commonly occurs during fundamental news events or periods of high volatility or limited liquidity. During periods such as these, your order type, quantity demanded, and specific order instructions can have an impact on the overall execution you receive.

Examples of specific order instructions include:

**"Good 'Til Cancelled" (GTC) Orders** – Your entire order will be filled at the next available price(s) at the time it is received.

**"Immediate or Cancel" (IOC) Orders** – All or part of your order will be filled at the next available price with the remaining amount cancelled should liquidity not exist to fill your order immediately.

**"Fill or Kill" (FOK) Orders** – The order must be filled in its entirety or not at all.

The volatility in the market may create conditions where orders are difficult to execute. For instance, the price you receive in the execution of your order might be many pips away from the selected or quoted price due to market movement. In this scenario, the trader is looking to

execute at a certain price but in a split second, for example, the market may have moved significantly away from that price. The trader's order would then be filled at the next available price for that specific order. Sufficient liquidity must exist to execute all trades at any price.

FXCM provides a number of basic and advanced order types to help clients mitigate execution risk. One way to mitigate the risk associated with slippage is to utilize the Market Range (Max Deviation for MT4 users) feature on FXCM's Platforms. The Market Range feature allows traders to specify the amount of potential slippage they are willing to accept on a market order by defining a range. Zero indicates that no slippage is permitted. By selecting zero on the Market Range, the trader is requesting his order to be executed only at the selected or quoted price, not any other price. Traders may elect to accept a wider range of permissible slippage to raise the probability of having their order(s) executed. In this scenario the order will be filled at the best price available within the specified range. For instance, a client may indicate that he is willing to be filled within 2 pips of his requested order price. The system would then fill the client within the acceptable range (in this instance, 2 pips) if sufficient liquidity exists. If the order cannot be filled within the specified range, the order will not be filled. Please note, Market Range orders specify a negative range only. If a more preferential rate is available at the time of execution traders are not limited by the specified range for the amount of positive price improvement they can receive.

Additionally, when triggered, stop orders become a market order available for execution at the next available market price. Stop orders guarantee execution but do not guarantee a particular price. Therefore, stop orders may incur slippage depending on market conditions.

### ***Liquidity***

Available liquidity is dependent on the overall market conditions, specifically based upon the underlying reference market for the CFD instrument. Prior to making a trading decision all clients should consider their overall trading strategy, size of the transaction, market conditions, and order type before placing a trade.

In addition to the order type, a trader must consider the availability of the instrument prior to making any trading decision. As in all financial markets, some instruments within that market will have greater depth of liquidity than others. When trading instruments with less depth of liquidity, there may be concerns including but not limited to, impacting the prices at which we offer to trade with you, the inability to execute the trade due to lack of market activity, differences in the rate quoted and final execution price received and delay in execution. With these considerations in mind, it is imperative that clients should factor liquidity risk into any trading decisions.

### ***Delays in Execution***

Delays in execution may occur for various reasons, such as technical issues with the trader's internet connection to FXCM or by a lack of available liquidity for the instrument that the trader is attempting to trade. Due to inherent volatility in the markets, it is imperative that traders have a working and reliable internet connection. There are circumstances when the trader's personal internet connection may not be maintaining a constant connection with the FXCM servers due to a lack of signal strength from a wireless or dialup connection. A disturbance in the connection path can sometimes interrupt the signal and disable the FXCM Trading Station, causing delays in the transmission of data between the Trading Station and the FXCM server. One way to check your internet connection with FXCM's server is to ping the server from your computer.

## ***Reset Orders***

Market volatility creates conditions that make it difficult to execute orders at the given price due to an extremely high volume of orders. By the time orders are able to be executed, the bid/ask price may be several pips away.

In cases where the liquidity pool is not large enough to fill a Market Range order, the order will not be executed. For Limit Entry or Limit orders, the order would not be executed but instead reset until the order can be filled. Remember, both Limit Entry and Limit orders guarantee price but do not guarantee execution. Depending on the underlying trading strategy and the underlying market conditions traders may be more concerned with execution versus the price received.

CFD's are contracts whose underlying value is derived from the futures contract for the product being traded. Differences in settlement are made through cash payments, rather than the delivery of physical goods or securities. FXCM makes prices for all CFD instruments it offers to its clients. During time periods outside of the market hours for the underlying product being traded spreads maybe wider than what you are accustomed.

## ***Hanging Orders***

During periods of high volume, hanging orders may occur. This is a condition where an order is in the process of executing but execution has not yet been confirmed. The order will be highlighted in red, and the "status" column will indicate "executed" or "processing", in the "orders" window. In these instances, the order is in the process of being executed. During periods of heavy trading volume, it is possible that a queue of orders will form. That increase in incoming orders may sometimes create conditions where there is a delay in confirming certain orders.

Depending on the type of order placed, outcomes may vary. In the case of an At Market Range order that cannot be filled within the specified range, or if the delay has passed, the order will not be executed. In the case of an At Market order, every attempt will be made to fill the order at the next available price in the market. In both situations, the "status" column in the "orders" window will typically indicate "executed" or "processing". The trade will simply take a few moments to move to the "open positions" window. Depending upon the order type, the position may in fact have been executed, and the delay is simply due to heavy internet traffic.

Keep in mind that it is only necessary to enter any order once. Multiple entries for the same order may slow or lock your computer or inadvertently open unwanted positions.

If at any time you are unable to access the FXCM Trading Station to manage your account, you may call us directly at +1 on the toll-free number 1800 109 751, visit [www.fxcm.com/au/contact-client-support](http://www.fxcm.com/au/contact-client-support), or visit [www.fxcm.com/au](http://www.fxcm.com/au) for contact information.

## ***Greyed Out Pricing***

Greyed out pricing is a condition that occurs when there is not a high level of market making activity for particular instruments and liquidity therefore decreases. FXCM does not intentionally “grey out” prices; however, at times, a severe increase in the difference of the spread may occur due to a loss of connectivity with a provider or due to an announcement that has a dramatic effect on the market that limits liquidity. Such greying out of prices or increased spreads may result in margin calls on a traders account. When an order is placed on an instrument affected by greyed out prices, the P/L will temporarily flash to zero until the pair has a tradable price and the system can calculate the P/L balance.

## ***Hedging***

The ability to hedge allows a trader to hold both buy and sell positions in the same currency pair simultaneously. Traders have the ability to enter the market without choosing a particular direction for a currency pair. Although hedging may mitigate or limit future losses it does not prevent the account from being subjected to further losses altogether. In the Forex market a trader is able to fully hedge by quantity but not by price. This is because of the difference between the buy and sell prices, or the spread. At FXCM, traders are required to put up margin for one side (the larger side) of a hedged position (or 50% margin). For example, if you entered into a trade to buy 30k EUR/USD, and to sell 20k EUR/USD, then you will need to put up margin for the larger side of your position - 30k EUR/USD. Margin requirements can be monitored at all times in the simple dealing rates window. While the ability to hedge is an appealing feature, traders should be aware of the following factors that may affect hedged positions.

## ***Diminishing Margin***

A margin call may occur even when an account is fully hedged, since spreads may widen, causing the remaining margin in the account to diminish. Should the remaining margin be insufficient to maintain any open positions, the account may sustain a margin call, closing out any open positions in the account. Although maintaining a long and short position may give the trader the impression that his exposure to the market’s movement is limited, if insufficient available margin exists and spreads widen for any period of time, it may result in a margin call on all positions.

## ***Rollover Costs***

Rollover is the simultaneous closing and opening of a position at a particular point during the day in order to avoid the settlement and delivery of the purchased currency. This term also refers to the interest either charged or applied to a trader’s account for positions held “overnight”, meaning after 5PM ET on FXCM’s Platforms. The time at which positions are closed and reopened, and the rollover fee is debited or credited, is commonly referred to as Trade Rollover (TRO). It is important to note that rollover charges will be higher than rollover accruals. Please note that all open positions on Wednesday at 5PM ET incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward. When all positions are hedged in an account, although the overall net position may be flat, the account can

still sustain losses due to the spread at the time rollover occurs. Spreads during rollover may be wider when compared to other time periods. Please manage positions accordingly around rollover and understand the implications of spreads widening in regard to execution with existing/open positions or new positions/orders.

### ***Exchange Rate Fluctuations (Pip Costs)***

Exchange rate fluctuations, or pip costs, are defined as the value given to a pip movement for a particular instrument. This cost is the currency amount that will be gained or lost with each pip movement of the instrument's rate and will be denominated in the currency denomination of the account in which the pair is being traded. On the FXCM Platforms, the pip cost can be found by selecting "View", followed by "Dealing Views", and then by clicking "Simple Rates" to apply the checkmark next to it. If "Simple Rates" already has a check mark next to it, viewing the dealing rates in the simple view is as easy as clicking the "Simple Dealing Rates" tab in the dealing rates window. Once visible, the simple rates view will display the pip cost on the right-hand side of the window.

### ***Inverted Spreads***

FXCM's Trading Desk may rely on various third party sources for the prices that it makes available to clients. In the event that a manifest (misquoted) price is provided to clients due to a source that we generally rely on, all trades executed on that manifest (misquoted) price may be revoked, as the manifest (misquoted) price is not representative of genuine market activity. These manifest (misquoted) prices can lead to an inversion in the spread. This may only last for a moment, but when it does, spreads become inverted. During these rare occasions, clients should avoid placing Market orders. While it may be tempting to place a "free trade", keep in mind that the prices are not real and your actual fill may be many pips away from the displayed price. FXCM reserves the right to reverse such trades, as they are not considered as valid trades. By placing Market Range orders, or not trading during these moments, traders can avoid the risk associated with the above scenarios.

### ***Holiday/Weekend Execution***

#### ***Trading Desk Hours***

The hours for each CFD are determined by FXCM based on the schedule for trading on the exchange for the underlying market, commodity, or asset.

Please refer to the section "Types of CFDs" in the Product Disclosure Statement for specific hours for each instrument.

FXCM aims to open and close markets as close to the posted trading hours as possible. However, the lack of liquidity at or around market open and close for any CFD instrument can impede execution and price delivery. FXCM may delay market open or bring forward market close on specific instruments in an effort to protect clients from quoted prices or executions that are not representative of the true market price.

Since liquidity at, or around market open/close for any CFD instrument can be very thin, traders are advised to use extreme caution around market open and close and to utilize FXCM's basic and advanced orders types to mitigate execution risk. Based on the illiquidity illustrated during these time periods, traders using market orders can experience slippage, or gapping in prices that can have material impact on your final execution price.

### ***Prices Updating Before the Open***

Shortly prior to the open, FXCM refreshes rates to reflect current market pricing in preparation for the open. At this time, trades and orders held over the weekend are subject to execution. Quotes during this time are not executable for new market orders. After the open, traders may place new trades, and cancel or modify existing orders.

### ***Gapping***

There is a substantial risk that stop-loss orders left to protect open positions held overnight may be executed at levels significantly worse than their specified price.

Commensurate with the opening/closing of the market for the underlying instrument, CFD traders may experience gaps in market prices. Due to the volatility expressed during these time periods, trading at the open or at the close, can involve additional risk and must be factored into any trading decision. These time periods are specifically mentioned because they are associated with the lowest levels of market liquidity and can be followed by significant movements in prices for both the CFD, and the underlying instrument.

### ***Order Execution***

Limit orders are often filled at the requested price or better. If the price requested (or a better price) is not available in the market, the order will not be filled. If the requested price of a Stop order is reached at the open of the market on Sunday, the order will become a Market order. Limit Entry orders are filled the same way as Limit orders. Stop Entry orders are filled the same way as Stops.

### ***Weekend Risk***

Traders who fear that the markets may be extremely volatile over the weekend, that gapping may occur, or that the potential for weekend risk is not appropriate for their trading style, may simply close out orders and positions ahead of the weekend. It is imperative that traders who hold open positions over the weekend understand that the potential exists for major economic events and news announcements to affect the value of your underlying positions. Given the volatility expressed in the markets it is not uncommon for prices to be a number of pips away on market open from market close. We encourage all traders to take this into consideration before making a trading decision.

## ***Margin Calls and Close Outs***

You are fully responsible for monitoring your account at all times. FXCM will notify you via email when your margin level is close to receiving a Margin Call. Whilst FXCM makes every effort to notify you as soon as possible, email notification is not sent in real time. So you may not always receive email notification prior to liquidation. This is why FXCM recommends that you use the trading platform as a primary means of monitoring and managing your open positions and obligations. Margin calls are triggered when your usable margin reaches zero. This occurs when your floating losses reduce your account equity to a level that is less than or equal to your margin requirement. Therefore, the result of any margin call is subsequent liquidation unless otherwise specified.

FXCM process all liquidations for CFD products automatically. Open and close times for the underlying reference market are determined by the exchange, or third party execution venue, and not by FXCM. If a client's liquidation event is triggered during the period when the underlying reference market is closed, it may be necessary for FXCM to wait until the underlying reference market re-opens before liquidation of the CFD positions can be finalized. Depending on market conditions, this could mean that the final price the client receives is a significant number of points away from the price that triggered the liquidation. If an account contains open positions for both CFD and forex at the time liquidation is triggered, it is possible that only the forex positions will be liquidated. This would only occur in situations where the underlying reference market for the CFD positions is closed, and the liquidation of the forex positions satisfies the liquidation requirement.

Please note that MT4 users are subject to different margin call procedures. When a margin call is triggered on the account, individual positions are liquidated until the remaining equity is sufficient to support existing position(s). In deciding what positions will be individually liquidated the largest losing position will be closed first during liquidation.

FXCM Trading Station accounts are defaulted to the Trading Station's tiered margin system, known as Smart Margin. This system is designed to allow clients more time in which to manage their positions before the automatic liquidation of those positions occurs. Clients are able to see real-time updates of their margin status on the Trading Station platform and can be alerted by FXCM's Smart Margin Watcher feature. For more information on how the Trading Station's tiered margin system works, please review "Your margin obligations to FXCM" from the Contracts for Differences section above.

Although the margin call feature is designed to close positions when account equity falls below the margin requirements, there may be instances when liquidity does not exist at the exact margin call rate. As a result, account equity can fall below margin requirements at the time orders are filled, even to the point where account equity becomes negative. This is especially true during market gaps or volatile periods. Clients should be cognizant that all funds on deposit in an account are subject to loss. FXCM also recommends that traders use Stop orders to limit downside risk in lieu of using a margin call as a final stop.

It is strongly advised that clients maintain the appropriate amount of margin in their accounts at all times.

## ***Extended Hours Trading Risk***

In cases when you wish to trade during hours different than the opening hours of the underlying market, i.e. extended market hours, please be informed that due to less trading volume than during trading hours (opening hours), there may be limited liquidity which may impact



order execution and pricing. Because of the lower trading volumes, it is not unusual to experience higher volatility, wider spreads, or difficulty in having trades executed. Almost all economic and market news announcements occurs outside of the trading hours. During these news events and at any time during the extended hours session, prices may move very quickly, up or down, and can reach levels that were not reached during the regular trading session.

Additionally, the prices of Products traded during extended hours may not accurately **reflect those at the close of** trading hours or at the commencement of the subsequent trading day. Consequently, participating in extended hours trading may result in obtaining a less **favourable** price compared to what you would obtain during trading hours.

### ***Prohibition of Price Arbitrage Strategies***

Price arbitrage strategies are prohibited and FXCM determines, at its sole discretion, what encompasses a price arbitrage strategy.

### ***No Re-Quote Policy***

FXCM maintains a no re-quote policy. Circumstances exist based on order size, trading pattern, and market conditions where individuals may not receive execution at the requested rate. Orders are executed at the next available rate within the trader's parameters, subject to market conditions. The difference between the requested rate and final execution price may be more or less advantageous based on the market activity and available liquidity.

### ***METATRADER 4***

Please note that MT4 users are subject to different margin call procedures. When a margin call is triggered on the account individual positions will be liquidated until the remaining equity is sufficient to support existing position(s). In deciding what positions will be individually liquidated the largest losing position will be closed first during liquidation.

The MT4 platform does not allow FXCM to include commissions in pre-trade margin calculations on clients' pending orders. This means that if you place a trade with a small amount of available usable margin under the MT4 account, there is a risk that the execution of the orders could trigger immediate margin call right after the execution as the commission charges can result in insufficient margin to maintain your open positions. You should therefore ensure that you have reserved sufficient buffer usable margin before opening new trades.

The MT4 Tiered Margin system consists of two components:

1. **Initial Entry/Maintenance Margin** – The initial good faith deposit or collateral set aside to open and then maintain a position. The exact amount of margin required to open a position can be viewed in the "MMR" column under the "Simple Dealing Rates" tab on the Trading Station platform prior to execution or by viewing the label "Margin" under the "Trade" tab in the MT4 platform.

- Liquidation Margin (Minimum Required Margin)** – The minimum amount of equity that must be in the account in order to continue holding the current open positions on the account. This is set at half (50%) of the value of the Maintenance Margin and automatic liquidation will trigger when the “Margin Level” label under the “Trade” tab in the MT4 platform reads “50%” or below.

## HOW IT WORKS

On the MT4 platform an account will enter margin warning when the “Margin Level” label under the “Trade” tab in the MT4 platform falls below 100%. When the account is in margin warning the “Trade” tab on the platform will turn red and no new positions may be opened until the “Margin Level” is over 100%. The margin warning period for an MT4 account is indefinite and the account will remain in margin warning as long as the margin level is above 50% and below 100%.

After a warning is initiated, the account will be unable to open any new positions until the Margin Level increases to a level above 100%. There are a few ways to accomplish this: 1) Deposit more funds; 2) Close out existing positions; or 3) Experience beneficial market movements. Note that beneficial market movements and/or deposits may not have immediate effect on the Margin Warning status.

When the Margin Level falls below 50% a margin call will automatically occur and the position floating the largest loss with an open underlying reference market will be liquidated. This process will be repeated until the Margin Level reaches 50% or above.

In MT4, the potential exists for variations in pricing displayed between servers. These differences do not have an impact on prices available for execution but can impact the prices used to trigger resting orders. Please take note that MT4 has an inherent limitation on maximum numbers of quotes processing within a short period of time (i.e. per second). During volatile market situations, there is a risk of potential latency of price quote which results in delay in order execution.

FXCM may impose maximum account equity restrictions on MT4 accounts. Should the equity level in your trading account exceeds the threshold of equity restriction, FXCM reserves the right to apply changes to your account including but not limited to switching your account from one platform to another without prior consent. Depending on the circumstances, the threshold of equity restriction may vary from time to time.

## ***CHART PRICING VS. EXECUTABLE PRICING***

It is important to make a distinction between indicative prices (displayed on charts) and executable prices. Indicative quotes are those that offer an indication of the prices in the market, and the rate at which they are changing.

FXCM’s price feed is derived from a host of contributors such as banks and clearing firms which results in multiple levels of pricing and liquidity, therefore the charts (which can only reflect one level of pricing) may not reflect where all of FXCM’s liquidity providers are making prices at any given time. In the event that a quote is withdrawn or liquidity is depleted at the indicative rate displayed on the chart it is possible that executions may occur at an executable price that is different from the indicative price that appears on the chart.

Because CFDs lacks a single central exchange where all transactions are conducted, each CFD dealer may quote different prices. Therefore, any prices displayed by a third party charting provider, which does not employ FXCM's feed, will reflect only indicative market prices and not actual dealing prices where trades will be executed by FXCM.

### ***Mobile Trading Platforms***

There are a series of inherent risks with the use of the mobile trading technology such as the duplication of order instructions, latency in the prices provided, and other issues that are a result of mobile connectivity. Prices displayed on the mobile platform are solely an indication of the executable rates and may not reflect the actual executed price of the order.

Trading Station Mobile utilizes public communication network circuits for the transmission of messages. FXCM shall not be liable for any and all circumstances in which you experience a delay in price quotation or an inability to trade caused by network circuit transmission problems or any other problems outside the direct control of FXCM. Transmission problems include but are not limited to the strength of the mobile signal, cellular latency, or any other issues that may arise between you and any internet service provider, phone service provider, or any other service provider.

Please note some features of the FXCM Trading Station desktop platform will not be available on the FXCM Trading Station Mobile. Key differences include, but are not limited to, charting packages, daily interest rolls will not appear, and the maintenance margin requirement per financial instrument will not be available. It is strongly recommended that clients familiarize themselves with the functionality of the FXCM Mobile Trading Station prior to managing a live account via portable device.

### ***TS MOBILE TABLET APPLICATION***

FXCM's Trading Station Web platform has been modified to run on mobile and tablet devices. The mobile platform is called Trading Station Mobile. With the exception of complex OCO orders (one-cancels-other), Trading Station Mobile for tablet devices has the same trading features as Trading Station Web. The same connectivity risks described above regarding our Mobile TS II apply to use with any application made available for tablet trading.

### ***Weekend Risk***

#### ***Trading Station Closed***

Due to the dynamic nature of the financial markets, it is possible that the value of your open positions will change while the trading function of the FXCM Trading Station II closed, i.e. on days which are not a Trading Day. In this case, you will not be able to trade in a CFD such as open a new transaction or close out an open transaction until the trading function re-opens. You may suffer a financial loss or opportunity loss as a result.

### ***Suspension and Trading Halt***

In addition, when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended in accordance with the rules of the relevant market, you will not be able to open new positions.

### ***Use and Access to the Website***

There are risks associated with utilizing an internet-based deal-execution trading system including, but not limited to, the failure of hardware, software, and internet connection. Since FXCM does not control signal power, its reception or routing via the internet, configuration of your equipment or reliability of its connection, we cannot be responsible for communication failures, distortions or delays when trading via the internet. FXCM employs backup systems and contingency plans to minimise the possibility of system failure, this includes allow clients to trade via telephone.

You are responsible for providing and maintaining the means by which you access your FXCM Trading Platform and Website. While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing the FXCM Website. If you are unable to access the internet and thus, the Trading Stations, it will mean you are unable to trade in a FX Contract or CFD offered by FXCM when you wish to do so and you may suffer a financial loss or opportunity loss as a result.

Furthermore, FXCM reserves the right to suspend the operation of our Website or any part or section thereof.

### ***Transactions are Not Transferable***

As each FX Contract and CFD you enter into with us is a transaction between you and FXCM and is not traded on an exchange or market, you will not be able to transfer or assign the FX Contract or CFD to any other person.

# CLIENT MONEY

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## ***Segregation of Client Money***

Any money that you deposit with FXCM will be segregated and held in a separate Client Trust account or accounts and managed in accordance with the Australian Client Money Rules and the Terms of Business.

By way of example, client money is calculated for each client as:

1. Your available account balance which is not currently being used by you for any purposes  
*Plus*
2. Used margins (i.e. margin set aside to fund open positions)  
*Plus*
3. Your running profits  
*Less*
4. Your running losses  
*Less*
5. Any amounts owed by you which are due and payable to FXCM.

However, if the above calculation results in a negative number, zero must be used in the Client Money requirement calculation.

## ***Counterparty Risks***

In accordance with the Australian Client Money Rules, FXCM's client funds are held in segregated bank accounts with an Australian authorized deposit-taking institution, an approved foreign bank or a cash management trust. Client funds are kept separate from FXCM's own corporate/operational funds. Please see the Terms of Business for more information on Client Money.

FXCM Australia does not use Retail Client money for the purpose of meeting obligations incurred by us when hedging with other counterparties.

FXCM strictly follows the legal requirements when making deposits into, withdrawals from or making payments out of the segregated client money accounts. Client money received is paid into the segregated client money trust account on the day it is received or by the next business day it is received by FXCM. The circumstances under which FXCM is permitted to withdraw client money are listed further below. Note that any interest with respect to the balances of your account will not be paid and any interest will accrue to FXCM. Please see the Terms of Business for more information on Client Money.

As FXCM is acting in the capacity of a principal with respect to your transaction, you are exposed to the financial and business risks of FXCM (Please see the Significant Risks section for more information on counterparty risks). In the unlikely event that FXCM becomes insolvent, you may have unsecured claims for any payments that FXCM may be required to make to you during or at the close of the derivative position. Trust accounts may not insulate your money from a default in the trust accounts. However, certain protections are afforded to clients by the Australian Client Money Rules.

#### Protections afforded by the Australian Client Money Rules

The Australian Client Money Rules provide that in the event that FXCM loses its AFS Licence, becomes insolvent, merges with another AFS Licensee or ceases to carry on some or all of the activities authorized by the AFS Licence, client money held by FXCM, and investment of client money, must be dealt with as follows:

Money in the trust accounts is held in trust for the persons entitled to it, and is payable in the order set out below :

1. If money in the trust accounts is invested, the investment is likewise held in trust for each person entitled to money in the trust account; and
2. Money in the trust accounts is to be paid in the following order:
  - a) Money that has been paid into the accounts in error;
  - b) Payment to each person who is entitled to be paid money from the accounts;
3. If the money in the accounts is not sufficient to be paid in accordance with the above, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
4. If there is money remaining in the accounts after payments made in accordance with the above paragraphs, the remaining money is payable to FXCM.

#### ***Withdrawal of Client Money***

FXCM only makes payments out of the client money account under circumstances regulated by the *Corporations Act 2001*. They are as follows:

1. Making payment of your money to, or in accordance with your written direction;  
However, FXCM is not permitted to rely on a written direction to use derivative Retail Client money (i.e. money paid to FXCM in connection with a dealing in derivative provided to, or a derivative held by, a Retail Client):
  - a. as FXCM's working capital; or
  - b. for the purpose of meeting obligations incurred by FXCM other than on behalf of the client; or
  - c. for the purpose of entering into, or meeting obligations under, transactions that FXCM enters into to hedge, counteract or offset the risk to FXCM associated with a transaction between FXCM and the client;
2. Defraying brokerage and other proper charges;
3. Paying to FXCM AU, the margin to which FXCM AU is entitled to;
4. Making a payment that is otherwise authorized by law;

5. Paying to FXCM AU money to which FXCM AU is entitled pursuant to the operating rules of a licensed market.

FXCM will not pay funds to any third party account. Funds requested for withdrawal will only be paid to an account in the same name as the account held with FXCM. For further details, please see sections on Fees and Charges.

## PRIVACY POLICY

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The Stratos Group respects each individual's right to privacy. We value our relationship with you, and we take pride in maintaining loyalty and respect with each individual client; all personal information collected by the Stratos Group is protected under stringent security measures. Our Privacy Policy, accessible on FXCM's webpage [www.fxcm.com/au/legal/privacy-policy](http://www.fxcm.com/au/legal/privacy-policy), explains how Stratos Trading Pty. Limited collects personal information, maintains, uses and discloses that information. It also provides some detail about client's rights. The provisions of the Privacy Policy apply to former clients, current clients and applicants.

## DISPUTE RESOLUTION

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This Dispute Resolution Policy explains how FXCM handles disputes with clients, both internally and externally.

### ***Internal Complaints Handling System***

- (i) Upon receipt of a complaint from Client (prospective and existing), the FXCM employee that receives the complaint will attempt to resolve the issue. If the complaint cannot be resolved at the first point of contact or after reasonable investigation and discussion with Client, the matter will be referred to a senior member of the relevant FXCM division. If Client is dissatisfied with the outcome, Client will be requested to provide: (a) written notice specifying the nature of the complaint, the desired outcome and what action Client thinks will settle the complaint; and (b) all relevant material to support the complaint. Alternatively, the Client can also provide the requested information verbally to the FXCM employee.
- (ii) Complaints should be addressed to the Complaints Officer and sent to FXCM. Upon receipt of written notice or verbal complaint ("Lodgement Date"), FXCM's Complaints Officer will: (a) within one business day of the Lodgement Date, or as soon as practicable, provide a written acknowledgment of receipt and an indication of the time-frame in which FXCM will respond to the complaint; (b) consider and investigate the circumstances surrounding the complaint; (c) advise Client of the criteria and processes applied by FXCM in dealing with complaints; (d) upon request, provide Client with any relevant, non-confidential, material relating to the complaint; and (e) communicate directly with Client, with a view to resolving the complaint in a fair and timely manner.

- (iii) No later than 30 days, the Complaints Officer must: (a) notify Client in writing of the decision in relation to the complaint; (b) provide Client with written reasons for the decision; (c) outline to Client the remedies, if any, available to Client; and (d) advise Client of any further avenues for complaint and the time frames involved in those avenues. Where Client has redress (financial or otherwise), FXCM will promptly provide Client with information regarding that redress. If the complaint is not resolved within 30 days following the Lodgement Date, the Complaints Officer will inform Client of the reasons for the delay.
- (iv) Client may contact the Client Services Department should Client require further information on how complaints are handled by FXCM internally.

### ***External Dispute Resolution Process***

- (i) In the event that Client's complaint is unable to be resolved by FXCM in accordance with its internal complaints handling system, Client may refer the complaint to the Australian Financial Complaints Authority ("AFCA") for determination in accordance with its rules, provided that the complaint falls within the rules of AFCA. If you are classified as a Wholesale Client, you may not be eligible to access the dispute resolution services offered by AFCA.
- (ii) Client may lodge a complaint by sending the necessary documents and information:
  - To AFCA by:
    - 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
- (iii) Before AFCA deals with Client's complaint, Client must have first lodged a formal complaint with FXCM and given FXCM time to resolve the complaint.
- (iv) A determination by AFCA will be binding on FXCM only if the Client accepts the decision.

### ***Compensation Arrangements***

FXCM has professional indemnity ("PI") insurance arrangements in place which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act. These arrangements are in place to compensate individuals who suffer loss or damage as a result of a breach of FXCM's obligations. Our PI insurance takes into account the nature and volume of our business, the number of clients and kind of clients we have, our representatives and the maximum potential extent of liability.



Our PI insurance also covers claim in relation to the conduct of representatives and employees who no longer work for us but who did at the time of the relevant conduct.

### **Further Information**

You should refer to the Terms of Business for further information about resolving any complaint or dispute with FXCM.

## **TAXATION CONSIDERATIONS**

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Trading in FX Contracts and CFD products offered by FXCM has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client.

Trading in FX Contracts and CFD products offered by FXCM has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client. FXCM does not provide tax advice and we recommend you seek your own professional tax advice and the impact any profits or losses generated from trading may have on your overall tax position.

The Australian Taxation Office has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in financial CFD products. A copy is available at the ATO's website [www.ato.gov.au](http://www.ato.gov.au).

You should note that this is a public ruling for the purpose of Part IVA of the *Taxation Administration Act 1953* (Cth) and therefore, if the ruling applies to an investor or trader, the Commissioner of Taxation is bound to assess that person on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall.

## **COOLING-OFF ARRANGEMENTS**

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There are no cooling-off arrangements for the FX Contracts and CFDs offered by FXCM.

This means that when you enter a transaction with FXCM you do not have a right to return the product and you do not have the right to request FXCM to repay the money you have paid to acquire the product. Should you change your mind after entering into a FX Contract or CFD with FXCM, you should close out your position by taking an opposite transaction.

# ADDITIONAL INFORMATION

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Other information about FXCM and its products may be obtained by accessing our Website at [www.fxcm.com/au](http://www.fxcm.com/au) or by contacting us.

## GLOSSARY

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This Glossary is to be read in conjunction with this PDS. The FXCM Website also has a number of lists of market terminology which you should consult in the event that you do not understand any term when dealing with FXCM.

Account	An account of the client to deal or trade CFDs with FXCM.
Account Equity	Aggregate of the current cash balance in your Account and your current unrealized profit and losses less any Margin Requirement.
GMT	Means the time in the United Kingdom, Greenwich Mean Time.
Application Form	The application form including the required account opening documentation and the Terms of Business completed by you and submitted to FXCM or the Stratos Group whether electronically or in hard copy.
ASIC	Australian Securities & Investments Commission or any regulatory body which replaces it or performs its functions.
AUD\$ and \$	Australian dollars, unless specified otherwise in this PDS.
Australian Client Money Rules	The provisions in Part 7.8 of the Corporations Act 2001 and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client money and property.
Bid	The price at which FXCM offers to buy a FX Contract or CFD.
Business Day	Business Day means: 8AM – 5PM AEST.
Cleared Funds	Funds that have been deposited and processed with FXCM and shown on the client's Account.
Commission	A transaction fee charged by FXCM for execution services.
Contracts for Difference ("CFD")	CFDs are an agreement between you and FXCM to trade the difference arising from movements in the price or value of an underlying asset.

Contract	Means any FX Contract or CFD entered into by FXCM with the client or any back to back agreement which FXCM may enter into to enable it to enter into or fulfil its obligations under such contract.
Denominated Currency	The currency in which you have nominated your Account to be denominated.
FSG	FXCM's financial services guide, including a supplementary or replacement financial services guide.
Future Price	The price is an agreed upon price but delivery and payment will occur at a future date.
FXCM Exchange Rate	The foreign exchange rate as FXCM may reasonably determine from time to time having regard to current market rates and which is available to the client from FXCM on request. This rate may be different to the price quoted by FXCM for a FX Contract.
FXCM or FXCM AU	Stratos Trading Pty. Limited.
Stratos Group	Refers to the Stratos group of companies. Stratos Trading Pty. Limited is an operating subsidiary within the Stratos Group.
FXCM Spread	Means the difference between the Bid and Offer prices of a Contract quoted from time to time by FXCM and, where appropriate, expressed as a percentage of the relevant price.
Gapping	Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events.
Greyed Out	Occurs when liquidity decreases, and counterparties that provide pricing to FXCM are not actively making a market for particular currency pairs or CFDs.
Interbank Rate	The interbank rate calculated by FXCM with reference to the bid and offer prices for the underlying asset most recently quoted by any one or more third party banks.
Limit Entry/Limit Order	This is an order to enter the market at a better price than the current one. Limit Orders are only filled at a designated price. When buying, lower prices are better, and when selling, higher prices are better.
Long	In relation to an FX Contract or CFD, the party that has bought the FX Contract or CFD in opening the position.
Margin	Margin is the minimum amount that you must have in your Account to enter into a FX Contract or a CFD with FXCM. Different Contracts have different Margin Requirements.
Margin Call	Call for additional money to be deposited to your Account in order to maintain your open positions.
Margin Requirement	The amount required to open and maintain a FX Contract or CFD.
MetaTrader 4	A type of Trading Platform FXCM offers through which FX Contracts and CFDs may be transacted.
Minimum Point Increment	Represents the minimum possible price change between two successive transaction prices permitted by FXCM. The Minimum Point Increment can represent either an upward or downward movement in price. The Minimum Point Increment may also be referred to as a "tick" or a "pip".

Minimum Stop Distance	The minimum price distance (from the current quote) at which you may enter a 'risk' or 'stop' level.
Offer	The price at which FXCM offers to sell an FX Contract or CFD.
PDS	Product disclosure statement.
Referring Broker	A person or organization that solicits and/or refers clients to FXCM and is compensated for the referral as described in Part 2 of this PDS.
Rollover Benefit	An amount you may receive for rolling your FX Contract or CFD and holding it as an open position overnight based upon the Rollover Rate multiplied by the notional value of the relevant open position.
Rollover Charge	An amount you may pay for rolling your FX Contract or CFD and holding it as an open position overnight based upon the Rollover Rate multiplied by the notional value of the relevant open position.
Rollover Rate	The rate at which you pay or receive interest on FX Contracts or CFDs that remains open overnight. This is a varying rate dependent upon the applicable rate in the interbank markets, the duration of the rollover period, the size of the position and the FXCM Spread that is applied at FXCM's discretion.
Short	In relation to a FX Contract or CFD, the party that has sold a FX Contract or CFD in opening the position.
Spot FX	Any foreign exchange contract, other than a FX Contract, entered into between FXCM and a client.
Spot Price	The price that is quoted for immediate (spot) settlement.
Trading Day	5PM AEST – 5PM AEST Monday to Friday.
Trading Platform	FXCM's Trading Station and MetaTrader 4 or any other electronic trading system made available to you by us from time to time.
Trading Station	FXCM's proprietary Trading Platform through which FX Contracts and CFDs may be transacted.
Usable Margin	Account Equity less Used Margin. This is the amount you have available to cover additional Margin Requirements.
Used Margin	Sum of your Liquidation Margin Requirements for all of your current open FX Contracts or CFDs.
We, us or our	References to "we", "us" or "our" should be treated as references to Stratos Trading Pty. Limited.
Website	<a href="http://www.fxcm.com/au">www.fxcm.com/au</a>