OANDA AUSTRALIA PTY LTD

PRODUCT DISCLOSURE STATEMENT

Issue Date: 28 February 2017

OANDA Australia Pty Ltd

ACN 152 088 349

AFSL 412981

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Section 1 – Important Information

1.1 This PDS

This Product Disclosure Statement (**PDS**) is dated 1st January 2017 and was prepared on that date by OANDA Australia Pty Ltd ACN 152 088 349; AFSL 412981 (**OANDA**), as the issuer of over the counter contracts for difference (**OANDA CFDs**) and margin foreign exchange contracts (**OANDA FX Contracts**) (collectively, where applicable, these will be referred to as "contracts") referred to in this PDS.

This PDS is designed to help you decide whether the contracts described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with similar financial products (e.g., over the counter option contracts) offered by other issuers.

This PDS describes the key features of our contracts, their benefits, risks, the costs and fees of trading in them and other related information. The contracts are leveraged financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 7).

1.2 OANDA Products

This PDS covers:

- OANDA CFDs over:
  - indices (referred to as OANDA Index CFDs);
  - commodities (referred to as OANDA Commodity CFDs);
  - treasuries (referred to as OANDA Treasury CFDs); and
- OANDA FX Contracts.

The contracts covered by this PDS are those traded on the Electronic Trading Platform. These OTC contracts are derivative products issued by OANDA and are not Exchange traded products.

1.3 Your potential liability

Please especially read the "Key Information" in Section 2 and "Significant Risks" in Section 4 for important information about your potential liability.

Potential investors should carefully consider the significant risks involved in trading in over the counter leveraged derivatives, and understand and accept the risks of investing in our contracts. Trading in our contracts is not suitable for all investors because of the significant risks involved (see Section 4 on "Significant Risks").[1]

Your potential liability is not limited to the amount you pay OANDA or we keep in trust for you. We may ask you to pay amounts in excess of those amounts to cover any shortfall. Your liability on short contracts can be unlimited. You should carefully consider the risks of our contracts and your capacity to meet your liability before investing.

This initial warning cannot set out and duplicate all of the important information in this PDS. You should read all of this PDS and the Account Terms before making a decision to invest in the financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS or the Account Terms prior to entering into any transactions with us. OANDA recommends that you consult your advisor or obtain independent advice before trading.

1.4 OANDA does not give Personal Advice

OANDA will not give you personal financial advice about the contracts.

This PDS does not constitute a recommendation or opinion that the contracts are appropriate for you.

The information in this PDS is for general information purposes only and does not take into account your personal objectives, financial situation and needs.

1.5 Your suitability to deal in the Contracts

If we ask you for your personal information to assess your suitability to deal in the contracts and we accept your application to deal in these contracts, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for our purposes of deciding whether to open an Account for you. You may not later claim you are not responsible for your losses merely because we have opened an Account for you after assessing your suitability. You remain solely responsible for your own assessments of the features and risks, all losses and for trading with OANDA so you should seek your own advice on whether the contracts are suitable for you.

1.6 Currency of PDS

The information in this PDS is up to date at the time it was prepared but is subject to change at any time. Any updates will be posted on our website **www.oanda.com**. A copy of this PDS can be downloaded from the website or you can call OANDA to request that a paper copy be provided to you free of charge. If the new information is information which is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find updated information on our **www.oanda.com** or by calling us using the contact details given below. Upon request, we will send you a paper copy of the information free of charge.

1.7 FATCA Compliance

Effective July 1, 2014 OANDA is required to comply with the U.S. Foreign Account Tax Compliance Act ("FATCA") requirements in respect of accounts maintained at OANDA. In this regard, OANDA is required to request certain information from you within ninety days of your account being opened. Such information may be requested in the form of a completed tax certification form signed under penalty of perjury. If you do not provide this information OANDA will be required to report you as a "recalcitrant account holder" pursuant to FATCA requirements to the appropriate governmental authority. OANDA will take all necessary action to be and remain compliant with FATCA as is required by law or agreement between governments. OANDA will not be liable for any losses, costs, expenses, damages, liabilities you may suffer as a result of complying with FATCA requirements

1.8 Contact

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website **www.oanda.com**

Section 2 – Key Information

2.1 Key Features of our contracts

- The contracts are over the counter derivatives issued by OANDA. They are not Exchange traded.
- They are for investing indirectly in a range of foreign exchange currencies, index level, commodities, metals and treasuries price movements around the world without having to own and pay full value of the Underlying Security.
- Your Account must be funded before contracts are issued to you. You do this by paying at least the Initial Margin (plus you should consider funding the Account in anticipation of any fees and charges detailed in Section 5).
- You remain liable to pay later Margins and to maintain the Margin Cover. If you do not maintain the Margin Cover at all times, the contract can be Closed Out and you remain liable to pay us any remaining shortfall.
- Unlike contracts traded on an Exchange, the contracts are not standardised. The terms of a contract may, in OANDA's discretion, be individually tailored to the requirements of the parties to the contract – you and OANDA.
- You have no right or obligation to acquire the Underlying Security itself.
- There is leverage in the contracts because you pay to OANDA only Margin, not the full value. All payments to OANDA are paid as Margin (or for the relevant fees and charges). The more Margin you pay, the less leverage.

2.2 Key Benefits of our contracts

- Our contracts enable you to take a trading position with an exposure to a particular Underlying Security without needing to buy or sell the actual full value of the Underlying Security.
- You can use the contracts to speculate, with a view to profiting from market fluctuations in the Underlying Security. You may take a view of a particular Underlying Security and so invest in the contracts intending to make a profit.
- You can use the contracts to hedge your existing exposure to an Underlying Security.
- You can deal in our contracts with a view to profiting in both rising and falling markets.
- The contracts involve a high degree of leverage. Our contracts potentially let you invest a relatively small amount (in the form of the Initial Margin) to have an exposure to the Underlying Security without having to pay the full price of the Underlying Security. This leverage gives you the potential to take a greater level of risk for a smaller initial outlay, so this increases the potential risks and rewards. Leverage can magnify losses (see Section 4 – Significant Risks and, in particular, the paragraph "Loss from Leverage").
- Your moneys paid as Margin are kept in the OANDA client moneys trust account until either paid back to you or paid to OANDA for fees, costs and charges (if applicable) or if your Account Value has suffered a Realised/Unrealised Loss.
- If your Account Value has benefited from a Realised/Unrealised Profit, OANDA will pay money (or credit) equivalent to that amount of the Realised/Unrealised Profit into the OANDA client moneys trust account for your benefit. This means your Account gets paid cash (or is credited) for gains, even before you Close Out your contracts.

2.3 Key Risks of our contracts

The key risks of investing in the contracts are outlined below. Please see Section 4 for further information on the description of the significant risks.

- **Leverage** – The contracts are leveraged when the amount you pay (i.e., the total Margin and fees and charges) to OANDA is less than the full face value of the Underlying Security.

  Contracts are typically low margin, high leveraged investment.

  You should be prepared for greater risks from this kind of leveraged derivative, including being liable to pay OANDA more Margin and those Margin requirements changing rapidly in response to changes in the market for the Underlying Security.
- **Loss of your moneys** – Your potential losses on (long or short) contracts may exceed the amounts you pay (as Margin) for the contract or amounts we hold on trust for you.
- **Unlimited loss** – Your potential loss on short positions may be unlimited – more than the amount you pay OANDA for them.
- **Trust moneys are withdrawn to pay for the contracts for the Realised/Unrealised Loss** – The money which you pay into the OANDA client moneys trust account will be withdrawn to pay OANDA for the contracts for fees, costs and charges or when there is a Realised/Unrealised Loss. The moneys are withdrawn as payments to OANDA, so, once withdrawn they are not held on trust for you and, you lose the benefits of holding those moneys in the OANDA client moneys trust account.
- **Margin requirements** –

  You are liable to pay Margin before contracts are issued and, after that, you may be liable to pay more Margin before the position is Closed Out. The required Margin will usually be at least:

  - the Margin required by OANDA for the contract (initially and later); plus
  - the Margin required by OANDA to cover any payments for Realised/Unrealised Loss on other positions in your Account; plus
  - any Margin required by OANDA to cover adjustments for any foreign exchange rate; plus
  - any Margin required before the Margin Closeout Level is triggered (see Section 3.9 under "Margin Cover obligation" for further information).

  If you do not meet Margin requirements, including at little or no notice, some or all of the contracts may be Closed Out without notice to you and you will be liable for any remaining deficit in your account.

- **Foreign Exchange** – Contracts which are denominated in foreign currency can expose you to fast and large changes to the value of your Account, potentially triggering the need for more Margin to be paid by you, including at short or no notice.
- **Counterparty risk** – you have the risk that OANDA will not meet its obligations to you under the contract. The contracts are not Exchange traded so you need to consider the credit and performance risk you have on OANDA. This is further explained in Section 3 under "Your Counterparty Risk on OANDA".

2.4 Your suitability

We may make an initial assessment of your suitability to invest in the contracts based on the information you give us. You should always make your own assessment of your suitability to deal in our contracts. You should carefully consider the features of contracts and their significant risks before investing in them.

Some key suitability considerations for you are:

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

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

During the Account establishment process, you will be required to complete a questionnaire regarding the contracts. We can only establish your Account once you have successfully passed the questionnaire.

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

2.5 Nature of the contracts

These contracts are leveraged over the counter financial products which allow you to make a profit or loss from changes in the market price of the Underlying Security, without actually owning the full value of the Underlying Security or having any direct interest in the Underlying Security.

In simple terms, the amount of any profit or loss made on the contract will be equal to the difference between the price of the contract with reference to the Underlying Security when the contract is opened and the price of the contract with reference to an Underlying Security when the contract is closed, multiplied by the number of contracts held.

The calculation of profit or loss is also affected by other payments, including payments relating to Finance Charges and any other charges (for more information, see Section 5).

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

You can take both "long" and "short" positions. If you take a long position, you profit from a rise in the Underlying Security, and you lose if the price of the Underlying Security falls. Conversely, if you take a short position, you profit from a fall in the price of the Underlying Security and lose if the underlying price rises.

Unlike direct investments made by trading on an Exchange, the contracts are not standardised. The terms of the contracts are based on the Account Terms with OANDA, which apply to your Account and your Transactions.

2.6 Types of contracts

2.6.1 OANDA Index CFDs

OANDA Index CFDs derive their price or value from the real time changes in the value of an Underlying Index as calculated by the relevant Exchange or OANDA's valuation of that Underlying Index.

OANDA Index CFDs can only be traded during the open market hours of the relevant Exchange on which the Underlying Index is determined (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

OANDA Index CFDs allow you to deal in anticipated market trends rather than individual shares.

OANDA Index CFDs are valued based on the number of units per index point of the Underlying Index. For example, if the Underlying Index is 4600 then trading 10 OANDA Index CFDs for that Underlying Index would mean the face value of the trade was $46,000.

2.6.2 OANDA Commodity CFDs

OANDA Commodity CFDs' Underlying Security is the value or price of a Commodity Transaction. OANDA Commodity CFDs may be denominated in any of the available currencies.

OANDA Commodity CFDs are an easy way to gain access indirectly to commodity markets and underlying commodities such as, copper, wheat, sugar and oil.

OANDA Commodity CFDs can only be traded during the open market hours of the relevant Exchange on which the Commodity Transaction is able to be traded (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

2.6.3 OANDA Treasury CFDs

OANDA Treasury CFDs' Underlying Securities are US treasury notes and bonds, Euro-bund futures and gilt futures.

Euro-bund futures are a notional long-term debt instrument issued by the German Federal Government with a term of 8 to 10 years.

Long gilt futures contracts are based on a £100,000 nominal value notional United Kingdom Government bond. They allow investors to gain access to the benchmark 10 year segment of the UK sovereign yield curve.

The OANDA Treasury CFDs' Underlying Securities currently include:

- two-year US treasury notes;
- five-year US treasury notes;
- ten-year US treasury notes;
- US treasury bonds;
- Euro-bund futures; and
- Long gilt futures.

OANDA Treasury CFDs can only be traded during the open market hours of the relevant Exchange on which the Underlying Security is traded or other market (which is not an Exchange) is open (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchange are available by reviewing the relevant Exchange website.

2.6.4 OANDA FX Contracts

OANDA FX Contracts are leveraged products which derive their prices from the real time changes in the price of foreign currencies.

Prices are only quoted for OANDA FX Contracts and can only be traded during the open market hours on which the foreign currency is traded. Open hours of the market are available by viewing the relevant market's website. In addition, OANDA may not quote for a contract on a particular foreign currency if that foreign currency is illiquid (for more information on potential external disruptions see Section 4).

OANDA FX Contracts allow you to receive many of the economic benefits of owning the full value of the foreign exchange contract on which the OANDA FX Contract is based without physically owning it (for more information on key benefits of trading in OANDA FX Contracts see Section 2.2). This includes contracts in the spot price for gold or silver which are the Underlying Securities. For more information on which OANDA provides quotes on, please download a demonstration trading platform located on the OANDA website **www.oanda.com** or contact OANDA.

OANDA FX Contracts are valued based on the price of the relevant foreign currency pair. For example, in the case of OANDA FX Contracts, if you bought 10,000 of one currency against another and the price of the foreign currency pair was quoted as 10.40/10.60 then the OANDA FX Contract would have a value of $106,000 (being 10.60 x 10,000).

2.7 Over-the-counter Derivatives Benchmark Disclosure

ASIC has introduced benchmarks for over the counter derivatives which include OANDA CFDs and OANDA FX Contracts.

It is important to note that the benchmarks are not mandatory and are not law. ASIC has introduced them by way of stating in Regulatory Guide 227 ASIC's expectations. Not meeting the benchmarks is not an indication of breaches or failures. Rather, the benchmarks in RG 227 also require prominent disclosure in a PDS as to whether an issuer meets the benchmarks or, if not, the reasons why they are not met are explained in the PDS.

The following table summarises the benchmarks as OANDA applies them to our OANDA CFDs and OANDA FX Contracts, and whether OANDA meets them and, if not, why not.

The table also refers you to other Sections of this PDS for more information on relevant topics (to avoid duplicating the information in this PDS).

ASIC RG 227 Benchmark	OANDA
1. Client qualification If an issuer meets this benchmark, the PDS should clearly explain: • that trading in CFDs [or other applicable products] is not suitable for all investors because of the significant risks involved; and • how the issuer's client qualification policy operates in practice. If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described in RG 227.40, it should disclose this in the PDS and explain why this is so.	OANDA believes that it meets this benchmark. An explanation of OANDA's client qualification policy is described in section 2.4 – "Your Suitability".
2. Opening collateral If an issuer meets this benchmark, the PDS should explain the types of assets the issuer will accept as opening collateral. If an issuer accepts non-cash assets as opening collateral (other than credit cards to a limit of $1000), the PDS should explain why the issuer does so and the additional risks that using other types of assets (e.g. securities and real property) as opening collateral may pose for	OANDA does not meet this benchmark because it accepts as collateral for opening an Account, payments by credit card of more than $1,000. The additional risks and costs of paying by credit card are described in Section 6 under "Applications". OANDA otherwise meets this benchmark.

ASIC RG 227 Benchmark	OANDA
the investor. This includes, for example, the risks of 'double leverage' if leveraged assets are accepted as opening collateral.	
3. Counterparty risk – Hedging If an issuer meets this benchmark, the PDS should provide the following explanations: • a broad overview of the nature of hedging activity the issuer undertakes to mitigate its market risk, and the factors the issuer takes into account when selecting hedging counterparties; and • details about where investors can find the issuer's more detailed policy on the activities it undertakes to mitigate its counterparty and market risk, and the names of any hedging counterparties. If an issuer does not meet this benchmark, it should disclose this in the PDS and explain why this is so. The PDS must include information about the significant risks associated with the product: s1013D (1) (c). The PDS should also provide a clear explanation of the counterparty risk associated with OTC CFDs [or other applicable products]. The PDS should explain that, if the issuer defaults on its obligations, investors may become unsecured creditors in an administration or liquidation and will not have recourse to any underlying assets in the event of the issuer's insolvency.	OANDA meets this benchmark due to: • OANDA disclosing in its PDS that it operates a market making model and broadly describing its hedging activity (see Section 3.17). • This PDS complies with the requirements to include information about the significant risks associated with the contracts (see Section 4) and also provides an explanation of the counterparty risk associated with contracts (see Section 3 under "Your Counterparty Risk on OANDA"). This PDS explains that, if OANDA defaults on its obligations, investors may become unsecured creditors in an administration or liquidation.
4. Counterparty risk— Financial resources If an issuer meets this benchmark, the PDS should explain how the issuer's policy operates in practice. If an issuer does not meet the requirement on stress testing, it should explain why and what alternative strategies it has in place to ensure that, in the event of significant adverse market movements, the issuer would have sufficient liquid resources to meet its obligations to investors without needing to have recourse to client money to do so. An issuer should also make available to prospective investors a copy of its latest audited annual financial statement, either online or as an attachment to the PDS.	OANDA's financial and capital requirements are monitored on a daily basis. OANDA monitors Transactions and positions in real-time against limits established and monitored by OANDA's risk management team. Since not all client transactions may be fully or partly hedged, OANDA has exposure to market risk. OANDA monitors market risk on a daily basis against limits set from time to time. OANDA also has systems in place to manage this risk and policies around monitoring client positions. OANDA would meet this benchmark except that: • The stress testing is conducted by OANDA Corporation (which is OANDA's Hedge Counterparty). Further information on OANDA Corporation is found in section 3.17 – "Your Counterparty Risk on OANDA"). • OANDA makes available copies of its latest audited annual financial statement only by inspection at the office of OANDA. • This PDS includes information about OANDA's policy on maintaining adequate financial resources see Section 3 under "Your Counterparty Risk on OANDA".
5. Client money If an issuer meets this benchmark, the PDS should clearly: • describe the issuer's client money policy, including how the issuer deals with client money and when, and on what basis, it makes withdrawals from client money; and • explain the counterparty risk associated with the use of client money for derivatives.	OANDA believes it meets this benchmark in all respects. See sections 3.9, 3.10, 3.17 and the risks described in section 4. OANDA does not use client moneys paid into the OANDA client moneys trust account for margining, guaranteeing, securing, transferring or for its hedging purposes. Rather, OANDA uses funds from its own operating account for these purposes.

ASIC RG 227 Benchmark	OANDA
If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described above, it should disclose this in the PDS. If an issuer's policy allows it to use money deposited by one client to meet the margin or settlement requirements of another client, it should very clearly and prominently explain this and the additional risks to client money entailed by this practice. An issuer's client money policy should be explained in the PDS in a way that allows potential investors to properly evaluate and quantify the nature of the risk, if any, to client money.	
6. Suspended or halted underlying assets If an issuer meets the benchmark, the PDS should explain the issuer's approach to trading when underlying assets are suspended or halted. If an issuer does not meet this benchmark, it should disclose this in the PDS and explain why this is so, as well as the additional risks that trading when underlying assets are suspended may pose for investors. To provide a full explanation of this aspect of the product, an issuer should explain any discretions it retains as to how it manages positions over halted or suspended assets, and how it determines when and how it uses these discretions. This should include disclosure of any discretions the issuer retains to: • change the margin requirement on a position; • re-price a position; or • close out a position.	OANDA believes it meets this benchmark in all respects. OANDA's approach to trading when underlying assets are suspended or halted is described in Section 3 under "Dealing". OANDA's discretions and how it manages its positions are described in Section 6 under "Discretions".
7. Margin calls If an issuer meets this benchmark, the PDS should explain the issuer's policy and margin call practices. If an issuer does not have such a policy in place, or one that does not incorporate all of the elements described above, it should disclose this in the PDS and explain why this is so. To provide full and accurate information about this aspect of trading in CFDs [or other applicable products], the PDS should clearly state that trading in CFDs [or other applicable products] involves the risk of losing substantially more than the initial investment. This will ensure the issuer meets its obligation to include in the PDS information about the significant risks associated with the product: s1013D (1) (c).	OANDA has meet this benchmark. OANDA describes its margin policy at Section 3 under "Payments and Client Moneys" subheading "Margin Policy" and the risks associated at Section 4. All open positions are monitored on a real-time basis intraday, to ensure changing Margin Cover are identified in a timely manner. This Margin practice is delivered by OANDA automated process via the Electronic Trading Platform where the platform automatically posts warnings to the Account if you do not maintain the Margin Cover levels. Nevertheless, the Account Terms clearly require the Client to maintain the minimum Margin Cover at all times. A Client must meet the Margin Cover requirements whether or not the Client has received the warnings on the Electronic Trading Platform. In addition, OANDA seek to provide you with one daily margin warning alert in a form of email notification at 6am AEDT / 7am AEST, to facilitate your ability to meet them. However, please note that certain market conditions or events may trigger extreme volatility, requiring urgent funds to be applied to retain your open positions. Please See Section 3.10 B subheading "our Margin Cover Obligation" for more information. Nonetheless, we reserve our full rights to immediately close positions in relation to which Margin Cover requirement have not been met, in order to protect against exposure to further losses in the positions.

2.8 CFD and FX Best Practice Standards

The Australian CFD and FX Forum and each of the Forum members are committed to enhancing the efficient operation, transparency and overall investor understanding and confidence in CFDs within Australia, and in the Australian CFD industry as a whole. The CFD and FX Forum has established these Best Practice Standards (**Standards**) and each member of the Forum is required to comply with these Standards. OANDA complies with each of the Standards summarised in the table below. More detailed information on these Standards is available on request. These Standards are also published on our website.

Standard	Description
Standard One: Compliance with Standards	Standard requires that Members comply with the Standards.
Standard Two: RG227 Benchmark 1 – Client Qualification	Standard addresses RG227 Benchmark 1 and requires a written client qualification policy as set out in the Regulatory Guide.
Standard Three: RG227 Benchmark 2 – Opening Collateral	Standard addresses RG227 Benchmark 2 and specifies that only certain collateral should be used for new accounts and that a Member's PDS should explain the Member's policy in this regard.
Standard Four: Educational Material	Standard describes the types of educational material which can be used to increase a customer's or prospective customer's understanding of CFDs and what Members should take into consideration in this regard.
Standard Five: Advertising and Promotional Material	Standard requires that Member's brand advertising or sponsorship activity may mention the Members name or the product by name for recognition purposes only, but must not convey financial information about CFDs. Members must also ensure that advertising and promotional material is only published in financial markets based content.
Standard Six: Customer Complaints	Standard requires customer complaints to be handled in an efficient and effective manner.
Standard Seven: RG227 Benchmark 5 – Segregation and Protection of Client Money	Standard addresses RG227 Benchmark 5 and requires full segregation of all client funds in a separate client trust account.
Standard Eight: Customer Credit Risk	Standard requires management of customer credit risk by real time monitoring, placing limits on customer CFD positions, back testing and stress testing.
Standard Nine: Risk Warnings and Risk Mitigation Tools	Standard requires Members to provide standardised risk warnings which a prospective customer must agree to prior to trading in CFDs and Members must maintain a margin policy. Also, Customers must be provided with a range of risk mitigation tools.
Standard Ten: RG227 Benchmark 6 – Suspended or halted underlying assets	Standard addresses RG227 Benchmark 6 and requires that Members not allow new CFD positions to be opened where there is a trading halt over the underlying asset or trading of the underlying asset has been suspended.
Standard Eleven: RG227 Benchmark 3 – Counterparty Risk – Hedging	Standard addresses RG227 Benchmark 3 and requires Members to have hedging strategies in place and maintain a policy to manage exposure to market risk from client positions.
Standard Twelve: Financial Resource Requirements	Standard addresses RG227 Benchmark 4 and requires Members to maintain a policy to maintain adequate financial resources. Members must maintain an NTA of over AUD 2 million or 10% of the average revenue calculated.
Standard Thirteen: Training and Competency of Employees	Standard requires Member's employees are adequately trained and are accredited in accordance with RG146. Members must also maintain a policy in this regard.

Standard Fourteen: Employee Screening	Standard requires Members to undertake pre-employment screening of all prospective employees. Members must also maintain a policy in this regard.
Standard Fifteen: Dealing with Intermediaries	Standard requires that Members will perform an initial due diligence to ensure intermediary relationships are appropriate. Members must also conduct an annual review on all intermediaries.
Standard Sixteen: Business Continuity Management	Standard requires that each Member has a BCM framework to ensure it can meet its financial and service obligations to customers in the event of a disruption.

Section 3 – How to Trade

3.1 Your Account

You need to establish your Account by completing OANDA's Account application form, which will be made available for you online or by contacting OANDA directly. After OANDA accepts your application, your Account will be established. Your Account covers all of the services and products which you apply for in your application form and which are accepted by OANDA.

Your dealing in the contracts is within your Account which is for your trading on the Electronic Trading Platform.

By opening an Account, you agree to the Account Terms.

The legal terms governing your Account and your dealing in the contracts are set out in the Account Terms. The Account Terms also have the legal terms for your dealings with us for other financial products which are not covered by this PDS.

3.2 Opening a contract

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

Before you enter into a contract, OANDA will require you to have sufficient Account Value (see the Glossary in Section 7) to satisfy the Initial Margin requirements for the relevant number of contracts. The payments you make to OANDA are either held as Margin or withdrawn to pay the amounts for Realised/Unrealised Losses or any fees and charges which you may owe.

When you Close Out an Open Position, you are entering into a new position of the same type and number of contracts opposite to your Open Position. You are liable for the costs, fees and charges as described in this PDS (see Section 5). You should be aware that your investment might suffer a loss, depending on the value of your contract at termination compared with the total cost of your investment up to the time of termination.

A contract is opened by buying a contract, corresponding with either buying (going long) or selling (going short) the Underlying Security. You go "long" when you buy a contract corresponding with buying the Underlying Security in the expectation that the price of the Underlying Security to which the contract is referable will increase, which would have the effect that the price of the contract to Close Out would increase.

You go "short" when you transact in a contract corresponding with selling the Underlying Security in the expectation that the price of the Underlying Security to which the contract is referable will decrease, which would have the effect that the price of the contract will decline.

3.3 Dealing

Quotes for prices for dealing in our products are indicative only and so are subject to the actual available price at the time of execution of your Order. While OANDA endeavours to execute your Order to the best of its ability, there is no assurance that the Order will be able to be executed at the price of your Order.

Quotes will be given and Transactions made during the open market hours of the relevant market on which the Underlying Securities are traded. We may be able to provide quotes during suspended hours of the relevant market but you may not be able to make a Transaction during this time.

OANDA may at any time in its discretion without prior notice impose limits on our products in respect of particular Underlying Securities. Generally, OANDA would only do this if the market for the particular Underlying Security has become illiquid or its trading status has been suspended or there is some significant disruption to the markets, including trading facilities.

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

You may be able to access your Accounts and any online trading platform outside of the hours when Orders may be accepted; however, Orders will only be accepted and executed when the relevant market is open and the level or price of the Order is reached.

Even though you may be able to place Orders outside of the hours when Orders may be accepted, if you have insufficient Balance when your Order becomes due to be executed, it will be rejected so you should ensure that you have sufficient Balance at the time of placing these Orders.

3.4 Pricing - Bid/Ask spread

OANDA quotes a lower price and a higher price at which you can place your Order. This is referred to as the Bid/Ask spread. The higher quoted price is the indication of the price you can buy the contract. The lower quoted price is the indication of the price at which you can sell the contract.

OANDA's Bid/Ask prices are set by OANDA and so these prices may not be the same as those quoted in the relevant underlying market but OANDA aims to give competitive pricing but please be aware that OANDA does not act as your agent to find you the best prices.

OANDA's spread may vary depending on the platform used. When utilising OANDA's v20 Trading Engine you may see bid/ask spreads that are narrower than when utilising the Legacy Trading Engine.

When your Order is executed, for you to break even or before you can realise a profit, putting aside for the sake of simple illustration any fees or charges, the price at which you exit your position needs to have moved in your favour to at least equal to the original Bid or Ask price that you started the position (depending on whether you went long or short).

Also, the available pricing may be limited by tick sizes, minimum steps, depending on the general market rules for trading the Underlying Security or OANDA's hedging, so, depending on the product you choose, your Order to exit your position might have to be in minimum increments of pricing before it can be accepted and executed.

3.5 Pricing model

You may only deal in and out of contracts by using OANDA's prices. OANDA offers prices based on its market making pricing model where OANDA chooses the prices made available to Clients.

OANDA may at any time choose to make hedge contracts, fully or partly or not at all, whether at or around the same time as it issues the contracts to you by making a corresponding hedge contract with its Hedge Counterparty.

OANDA does not use client moneys paid into the OANDA client moneys trust account for hedging with its Hedge Counterparty. Rather, OANDA uses funds from its operating account for this purpose.

Generally the prices of contracts are set on the Electronic Trading Platform to give competitive pricing but you should be aware that OANDA is acting as principal to you and so is responsible for setting the prices of opening and closing contracts and OANDA does not act as your agent to find you the best prices.

3.6 Electronic Trading Platform

Your Account gives you access to OANDA's Electronic Trading Platforms (that is, OANDA fxTrade and OANDA MT4). Once your Account is established and opened by OANDA, you can choose whether or not to use both Electronic Trading Platforms but there are important differences in using either Electronic Trading Platform which are explained below.

Most of the contracts can be traded on the Electronic Trading Platforms. Even if you telephone OANDA to place an Order, your Order will be placed using the relevant Electronic Trading Platform.

We will endeavour to use our best efforts to make the Electronic Trading Platforms available when you access them, however we cannot give an absolute assurance or guarantee that the Electronic Trading Platforms will be available on a continuous basis due to system failures and other related technological factors.

You must carefully read and follow the operational rules for each of the Electronic Trading Platforms. Each Electronic Trading Platform may impose special operating rules including but not limited to:

- posting Margin (such as when payment is required and when the payment is effective);
- how Margins are calculated (such as automatic adjustments outside of trading hours, including at the weekend); and
- how Orders are managed.

OANDA utilises advance technology to enable the OANDA MT4 platform to communicate Orders and synchronise Account activity with the OANDA fxTrade platform. However, there are some instances when Transactions originating from the OANDA MT4 platform may not synchronise immediately. For example, you may find that you have executed an Order on the OANDA fxTrade platform, but such Orders are not reflected accurately on the OANDA MT4 platform. In most cases though, the synchronisation of the two Electronic Trading Platforms occurs daily.

The OANDA MT4 platform does not allow displaying Margin Cover requirements on a per Underlying Security basis. Therefore the Leverage Ratio the Client chooses is used in Margin calculations for all Underlying Securities.

The OANDA fxTrade platform assesses the maximum Leverage Ratio allowed for each specific Underlying Security and uses that if it is lower than the Client's Leverage Ratio. The OANDA fxTrade platform also calculates the Margin used by a Transaction using the current price of the Underlying Security, whereas OANDA MT4 calculates the Margin used by a Transaction using the open price of the Transaction.

If there is a difference between the information on your Account between the two Electronic Trading Platforms, your OANDA fxTrade Account represents the accurate Account activity, Balance, Account Value and Margin Cover so OANDA strongly recommends that you view your OANDA fxTrade Account for this information.

Below is a **summary** table of the Electronic Trading Platforms offered by OANDA and their **main** differences:

	OANDA fxTrade	**OANDA MT4**
Financial Products	• OANDA CFDs • OANDA FX Contracts	• OANDA CFDs • OANDA FX Contracts
Currency pairs	All major currency pairs	All major currency pairs
Transaction amount type	Units	Lots (i.e., mini lots or micro lots)
Minimum Transaction size	1 Unit	• 1 Lot (equivalent to 100,000 units) • mini lot (equivalent to 0.1 of a Lot) • micro lot (equivalent to 0.01 of a Lot)
Order types	• Entry Order • Limit Order • Market Order • Take Profit Order • Stop Loss Order • Stop Order • Trailing Stop Order	• Limit Order • Market Order • Take Profit Order • Stop Loss Order • Stop Order •
Partial Closing	Yes indirectly, by opening a contract in the opposite direction.	Yes (using "first in, first out" allocation). Hedging Compatibility users who open a contract in the opposite direction will still partially close their position in fxTrade resulting in a single net position, however MT4 will display two open

		and opposite positions.
Finance Credit	At OANDA, any Finance Credit is paid (or credited) to your Account on a second-by-second basis. The OANDA fxTrade platform will display all payments of Finance Charges and Finance Credits.	At OANDA, any Finance Credit is paid (or credited) to your Account on a second-by-second basis. The OANDA MT4 platform will **not** display payments of Finance Charges and Finance Credits; these will be displayed on the OANDA fxTrade platform.
Account Balance	Displays the Client's true Account Balance and is the one used by OANDA to calculate Margin, Margin Cover and Margin Closeout Levels.	**Does not** display the Client's true Account Balance which is used by OANDA to calculate Margin, Margin Cover and Margin Closeout Levels. The Client should log into their OANDA fxTrade Account to view their Account Balance.
Server and Access	The Client can access their Account from any computer with an internet browser and is run completely on OANDA's servers.	The Client can only access their OANDA MT4 Account on the computer that they have downloaded the OANDA MT4 platform on.

We recommend that prior to engaging in live trading you open a "demo" account and conduct simulated trading. This enables you to become familiar with the Electronic Trading Platform that you wish to transact in.

There is also online help available on the Electronic Trading Platforms which has a wealth of information relating to the operation of the Electronic Trading Platform.

3.7 Trading Engines

OANDA clients have access to two trading engines; the Legacy Trading Engine and the newer v20 Trading Engine. v20 Trading Engine accounts can be distinguished in the trading and management portal by the blue "v20" label that appears next to them. Please be aware that certain sections of the OANDA Product Disclosure Statement and Account Terms will not apply to the v20 Trading Engine software. The v20 Trading Engine platform has a few key differences that you must be aware of:

1. Depth of Market - Rather than a single pair of bid/ask prices, the v20 Trading Engine platform provides a series of bid/ask prices pairs each associated with a number of available units at a particular bid/ask price pair, collectively known ask the Depth of Market, or DOM. In addition to the visible DOM bid/ask price pairs you can trade on, there is a closeout bid and closeout ask price that will be used to execute any part of a position that is over and above the maximum liquidity available.

2. Order Bounds - The v20 Trading Engine system only supports a single bound to prevent the price from moving against you. If the trade is a buy, then an upper price bound is supported to prevent executing at a price that is higher than the customer wanted. If the trade is a sell, then a lower bound is supported to prevent executing at a price that is lower than the customer wanted.

3. Hedging Capability - When trading with a v20 Trading Engine Hedging account you can open long and short trades on the same instrument. Margin will be calculated based upon the largest side of a hedged position (also known as the "longest leg"). This will impact maximum trade sizes and how close your account is to triggering a margin closeout. The platform will show every hedged trade but only a net position will be reflected for each instrument. For more details visit our website.

For comparative purposes please refer to the table below:

Feature	v20 Trading Engine	Legacy Trading Engine
Pricing	Depth of Market (fxTrade and fxTrade mobile only)	Single Bid/Ask
Order Types	Market, Entry, Stop Loss, Take Profit, Trailing Stop	Market, Entry, Stop Loss, Take Profit, Trailing Stop
Order Management	Close All Good til cancelled	Close All Order Expiry
Order Bounds	Single bound	Upper and Lower Bound
Maximum Order Size	Variable	10m for FX pairs
Account Type	Standard, Hedging	Standard
API	REST API	REST API, Java SDK
Partner Support	Future Feature	Available

3.8 Confirmations of Transactions

If you transact in our contracts, the confirmation of the Transaction, as required by the Corporations Act, may be obtained by accessing the daily statement online, which you can print.

If you have provided OANDA with an e-mail or other electronic address, you consent to confirmations being sent electronically, including by way of the information posted to your Account on the Electronic Trading Platform. It is your obligation to review the confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours.

3.9 OANDA CFDs – Corporate Actions

If the OANDA CFDs relate to an index, and then a share that is a constituent of the index goes *ex*-dividend, then typically an adjustment will be made automatically to the index level (by the index provider) to reflect this dividend. OANDA has discretion whether to make an adjustment for an amount for the weighted proportion of the dividend, being an amount to be credited to your Account in respect of your long positions and debited from short positions. Whether the adjustment is made depends on the index and operational matters from time to time. Any adjustment will be uniformly applied across all relevant positions at the time. Please contact OANDA if you have any queries on whether the adjustment will be made to a particular OANDA CFD or an index.

You may not direct OANDA how to act on a corporate action or other shareholder benefit.

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

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

OANDA CFDs do not entitle you to direct OANDA on how to exercise any voting rights in connection with the OANDA CFD's Underlying Security.

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

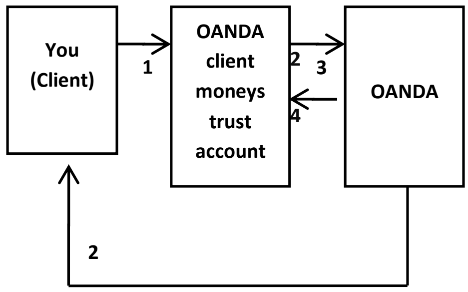
3.10Payments and Client Moneys

Here is an explanation of payments when you invest in our contracts.

A. Establishing a Position

Before you transfer any money to OANDA, you should carefully consider how your money will be held and used and the risks to you of paying money to OANDA.

This is a simplified diagram and outline of steps of payment flows for establishing a position in a contract. Please see the entire description which follows.



Steps:

Step 1

You (as our Client) pay money into the OANDA client moneys trust account for Margin. You need to do this to fund your Account before trading.

Step 2

Contracts are issued to you when your Orders are accepted and executed.

No money is withdrawn from the OANDA client moneys trust account just for you to open your contract.

Step 3 shows that money is withdrawn to pay OANDA.

OANDA will keep the moneys which you have paid into the OANDA client moneys trust account in there until it needs to be paid for fees, costs and charges or if there has been a Realised/Unrealised Loss on your Account at which point OANDA withdraws funds to pay itself as these are moneys to which OANDA is entitled (by reason of the terms of your Account). Whether or not there is a Realised/Unrealised Loss on your Account is determined when OANDA revalues your Account.

Step 4 shows that money is paid by OANDA *to* the OANDA client moneys trust account for your benefit. This occurs when the revaluation of your Account by OANDA shows a Realised/Unrealised Profit.

Detailed explanation of Client moneys when establishing a position

Before you transfer any money to OANDA, you should carefully consider how your money will be held and used and the risks to you of paying money to OANDA.

OANDA client moneys trust account

Moneys paid by you to OANDA for the contracts are initially deposited into a trust account maintained by OANDA, which is referred to in this PDS as the "**OANDA client moneys trust account**".

The moneys paid by you into the OANDA client moneys trust account are held for you and are segregated from OANDA's own funds. This means those funds are not available to pay general creditors in the event of receivership or liquidation of OANDA (unless a court orders differently).

You should be aware that, generally, for trust accounts such as the OANDA client moneys trust account:

- Individual Clients do not have separate or segregated accounts.

- All Clients' moneys are combined into one account.
- Moneys and other assets in the trust account which belong to non-defaulting Clients are potentially at risk of being withdrawn and not being re-paid to the Client even though they did not cause the default. This is because a licensee is permitted by law to use the moneys to pay itself for its hedge of the Client's position (i.e., the contract). **However OANDA does not use client moneys paid into the OANDA client moneys trust account for hedging with its Hedge Counterparty. Rather, OANDA uses funds from its own operating account for this purpose.**
- A licensee (e.g., OANDA) is permitted by law to use Client moneys in these trust accounts to meet obligations incurred by a licensee (i.e., OANDA) in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives.

  OANDA does not use client moneys paid into the OANDA client moneys trust account for margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives. Rather, OANDA uses funds from its own operating account for this purpose.
- OANDA is entitled to retain all interest earned on the money held in the OANDA client moneys trust account.

You make your deposit by using the unique client reference number we give to you for your Account. **This deposit also serves as confirmation of your direction to OANDA to tell us that these moneys should be withdrawn as payment for which we are entitled for any contract you wish to enter into using the Electronic Trading Platform. If you do not use the client reference number when making your deposit, OANDA may ask you to provide proof of your payment and also confirm your direction before we can credit your Account to enable you to enter into a Transaction.**

In practical terms, when you make a payment which is deposited into the OANDA client moneys trust account (for any currency), you are making payments which will be used as Margin for your contract until it is withdrawn to be paid to OANDA for any Realised/Unrealised Loss or for fees and charges.

Use of Client moneys

Pursuant to your Account Terms, you are automatically and irrevocably directing that any payment you make may be withdrawn to pay OANDA for any Realised/Unrealised Loss, fees or charges or other amounts to which it is entitled. This is confirmed by you when you use the payment instructions given to you when your Account is established. Therefore you should only pay into the OANDA client moneys trust account the amount which you are prepared to have withdrawn to pay OANDA. If you do not want your moneys withdrawn from the OANDA client moneys trust account, then you should not pay the moneys into the OANDA client moneys trust account and then you cannot trade.

Client moneys are held in the OANDA client moneys trust account until OANDA determines there is a Realised/Unrealised Loss upon OANDA revaluing your Account. If there is a Realised/Unrealised Loss on your Account, that amount is applied to your client moneys in the OANDA client moneys trust account and a corresponding amount may be withdrawn and paid to OANDA.

The timing of the withdrawals from, or payments into the OANDA client moneys trust account depends on a number of factors – the timing could be as short as the same day as your deposit or as much as a week later, depending on your trading and the revaluation of your Account.

It is important to understand that the timing of the revaluation and the resulting payments depends on OANDA's business decisions. OANDA does not represent, warrant, undertake or guarantee the timing of when a revaluation or payment will occur.

Every time there is a revaluation of your Account Value – up or down – there will follow a corresponding adjustment to your client moneys in the OANDA client moneys trust account. While you benefit from OANDA increasing your client moneys in the OANDA client moneys trust account for your Account (when there is a Realised/Unrealised Profit),you have to accept the reduction of your client moneys in the OANDA client moneys trust account as payment to OANDA whenever there is a Realised/Unrealised Loss, since you benefit overall from this adjustment – your exposure to OANDA is reduced when you have gains because your client moneys in the OANDA client moneys trust account are increased and, if you have losses, our exposure to you and to all other Clients with losses is reduced, which reduces the risk overall for any Client.

In summary, adjustments to your client moneys in the OANDA client moneys trust account depends on the net changes in the Account Value. If:

- there has been a **net increase in the net Account Value** – OANDA will adjust (including by paying into) the equivalent amount of the net increase into the OANDA client moneys trust account for your benefit;
- there has been a **net decrease in the Account Value** – you owe the equivalent amount of the net decrease to OANDA and by the terms of your Account you direct OANDA to withdraw the equivalent amount from the OANDA client moneys trust account as payment to OANDA, or if there are insufficient funds, OANDA will require you to pay that amount into the OANDA client moneys trust account (so it can be withdrawn and paid to OANDA).

You are free to decide whether it is more prudent for you to pay more than the required minimum Margin in respect of contracts to reduce your risks from leveraging or to avoid any future time limits for meeting later Margin requirements that you cannot meet. Your Account Terms and your directions give OANDA its entitlement to withdraw your funds from the OANDA client moneys trust account to pay itself the amounts you owe to OANDA from all of the funds you deposit (in accordance with the Account Terms).

So, all of the funds withdrawn by OANDA from the OANDA client moneys trust account to pay itself are payments for fees, charges and costs (if applicable) and for your Realised/Unrealised Losses.

Withdrawal Authority

Margin is part payment by you to OANDA for your contract and is not held on deposit for you and so cannot be withdrawn by you. You must pay Margin to OANDA for the contract. You must pay Margin in an amount of at least the minimum required Margin amount.

Since you must pay Margin for the contract and you control when you place Orders, OANDA requires that all of your moneys for payment for your contract must first be deposited into the OANDA client moneys trust account to credit your

Account. OANDA only accepts your payment into the OANDA client moneys trust account on the basis that it is authorised and directed by you to withdraw all of those funds to pay OANDA for any Realised/Unrealised Loss on your Account, even if it is before you have traded any contract or, after you have traded, you have paid more Margin than the minimum required Margin. Your acceptance of the Account Terms and your payment to the OANDA client moneys trust account serves as confirmation of your direction to OANDA to withdraw all of your funds.

OANDA uses the Account Terms, policies and procedures to ensure each Client's payments for contracts are promptly and fully allocated to that Client's Account.

Consequences of withdrawals from the OANDA client moneys trust account

Moneys are withdrawn from the client moneys trust account either to pay OANDA (being moneys to which it is entitled) or to pay you.

When moneys are withdrawn to pay OANDA they are, from the time of withdrawal from the OANDA client moneys trust account, OANDA's own moneys (and are not held for you).

You should be aware that as from the time of withdrawal from the OANDA client moneys trust account:

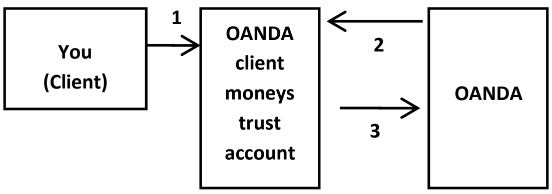
- **you lose the protections given to a trust account of that kind;**
- **you are an unsecured creditor of OANDA for its obligations on the contracts. This includes your exposure to OANDA as an unsecured creditor for payment to you of the net account balance (if any) after closing all of your contract positions; and**
- **you are not beneficially entitled to any moneys paid by OANDA to hedge its obligations to all or any Clients nor do you have any beneficial interest in those hedge contracts.**

OANDA reduces the risks to you arising from the withdrawals from the OANDA client moneys trust account by:

- paying into the OANDA client moneys trust account all amounts necessary to adjust for any Realised/Unrealised Profit; and
- managing all Clients' Margin requirements under a policy designed to reduce risk to OANDA and therefore benefit all of its Clients.

B. Margin payments

This is a simplified diagram and outline of steps of payment flows for Margin for a contract. Please see the entire description which follows.



Steps:

Step 1

You (as our Client) pay moneys into the OANDA client moneys trust account as payment for Margin.

You do this before trading or simply to maintain at least the minimum Margin Cover.

Step 2

If there has been a Realised/Unrealised Loss on your Account, OANDA withdraws funds to pay itself since that is a payment to which OANDA is entitled.

This occurs after OANDA revalues your Account. This withdrawal therefore may occur before and after you pay money for Margin into the OANDA client moneys trust account.

Step 3 shows that money may be paid by OANDA into the OANDA client moneys trust account for your Account. This occurs if there is a Realised/Unrealised Profit on your Account and so might end up crediting more Margin for your Account than you are required to maintain.

Detailed explanation of Margining on contracts

Here are the key features of Margining which are explained further in this Section:

- Margin is your payment of moneys to be held in the OANDA client moneys trust account before a contract is issued to you and, after that, to maintain the minimum Margin Cover.
- The amount of Margin you hold in the OANDA client moneys trust account is credited to your Account.
- When you have Open Positions, you are obliged to maintain the minimum Margin Cover.
- Required Margin amounts may change with the value of your Account. It is based on all Open Positions (this could include other financial products issued by OANDA from time to time). Just as the value of your Open Positions can be volatile, so too can the Margin requirements be volatile.
- Once payments are withdrawn from the OANDA client moneys trust account to pay OANDA they are no longer Margin and so you do not own them nor are they beneficially held for you. Conversely, if OANDA makes a cash payment into the OANDA client moneys trust account that becomes Margin which you beneficially own.

Margin Cover obligation

- You must maintain the minimum required Margin Cover for your Account. Please note **OANDA will provide daily margin warning alert once a day at 7am AEST via email.**
- There is **no grace period as to when** you need to meet Margin Cover obligations. There is no limit on how often the Margin Cover may change. OANDA's Margin practice is an automated process where the Electronic Trading Platform sends warnings to your Account online at

different Margin Cover levels, relative to your Account Value. Generally, if your Account Value:

  - is at 52.5% of the Margin Cover – you will receive a **first** notification warning that your Account Value is close to the Margin Closeout Level;
  - is at 51.25% of the Margin Cover – you will receive a **second** notification warning that your Account Value is close to the Margin Closeout Level;
  - is at 50% or less of the Margin Cover – any Open Positions will be Closed Out.

Warnings are not Margin calls. You must meet Margin Cover requirements whether or not you see warnings or access your Account online.

- **The timing and amount of your Margin Cover obligations for your Account** will depend on movements in the market price of the Open Positions, and the changes to the Account Value.
- You have an obligation to maintain at least the minimum Margin Cover **even if OANDA (or the Electronic Trading Platform does not notify you) cannot successfully or does not contact you. You must not rely on receiving any warning.**
- You have a risk of some or all of your **contracts being Closed Out** if you do not meet the obligation to maintain the Margin Cover.
- It is **your obligation to monitor** the minimum amount of Margin required for your Account.
- It is **your obligation to maintain the minimum required Margin** at all times for so long as you have an Open Position in a contract.
- You have a risk of your contracts **(and all other products held in your Account)** being Closed Out if you do not have in your Account sufficient Margin credited to it, regardless of whether you have checked your Account's requirement for minimum Margin or whether you have tried to make a payment but it has not been credited to your Account.

Margin policy

OANDA applies the following main Margin principles:

- Each Client is required to pay a minimum required amount of Margin known as "Initial Margin" before issuance of contracts (or any other product traded on the Electronic Trading Platform).
- The Initial Margin is determined by OANDA based on a number of factors, including the Leverage Ratio applied to an OANDA CFD or OANDA FX Contract, Margin required to hedge the underlying market, any margin which OANDA is required to pay its Hedge Counterparty (if applicable), OANDA's risk assessment of the Client, and any Realised/Unrealised Loss or any Realised/Unrealised Profit on your Account at any point in time.
- Each Client is required to pay the Initial Margin before issuance of the contracts (or any other product traded on the Electronic Trading Platform) in order to minimise credit risk to OANDA and that therefore benefits all Clients.
- Each Client's Account is promptly adjusted for Margin requirements according to market movement so that no Client is intentionally benefited from other Clients' trading. This could occur if, for example, the Client's Margin requirements are not adjusted in line with market changes or the credit risk on the Client.

Paying Margin

As explained earlier in this PDS, you must pay the Initial Margin before the contract is issued to you. You must then maintain the minimum Margin Cover that we specify for your Account.

To pay Margin you must deposit the funds into the OANDA client moneys trust account. The funds are only withdrawn and paid to OANDA after there has been a Realised/Unrealised Loss on your Account (or to pay for fees, charges or costs or to pay Withdrawable Funds to you).

Your payment to OANDA is effective only when cleared funds are withdrawn from the OANDA client moneys trust account; OANDA's general policy is that it does not accept as payment just your copy of your payment instructions into the OANDA client moneys trust account. However, OANDA may, in its discretion, choose to credit your Account before it withdraws your money from the OANDA client moneys trust account.

OANDA is authorised to withdraw all of the funds including Margin payments which you deposit due to the Account Terms and due to your payment into the OANDA client moneys trust account serving as confirmation of your direction for the withdrawal. Do not make any payment into the OANDA client moneys trust account unless you agree that all of those funds will be withdrawn in payment to OANDA (for Margin and for fees and charges).

How is Margin calculated?

OANDA sets the amount of the Initial Margin and the Margin Cover to maintain the required amount of Margin.

The minimum Initial Margin set by OANDA can be dependent on the Leverage Ratio, the currency pair (in the case of an FX Contract), the type of contract selected by the Client (i.e., an OANDA CFD or OANDA FX Contract) and calculated as a percentage of the full face value of the contracts.

Below is a table guide on how Initial Margin is calculated:

OANDA FX Contracts

Leverage Ratio	**10:1**	**20:1**	**30:1**	**40:1**	**50:1**	**100:1**
Initial Margin	10%	5%	3.33%	2.5%	2%	1%

OANDA CFDs

Leverage Ratio	**10:1**	**20:1**	**30:1**	**40:1**	**50:1**	**100:1**
Initial Margin	10%	5%	3.33%	2.5%	2%	1%

Example: The opening Balance of your Account is USD$12,000 and you select a maximum Leverage Ratio of 50:1 to open a position in an OANDA FX Contract so therefore the Initial Margin is 2% of the Contract Value. You decide to enter into a Transaction with a Contract Value of USD$100,000. The Initial Margin required for this Transaction is USD$2,000 (i.e., 2% of USD$100,000).

Ordinarily the Initial Margin requirements are calculated to cover the maximum expected movement in the market at any time but the ongoing Margin Cover will change when the market changes and so might not be sufficient in all circumstances. Owing to the volatility of the market, the amount of minimum Margin Cover to maintain your Open Positions may change after a position has been opened due to OANDA performing a revaluation for any Realised/Unrealised Loss or Realised/Unrealised Profit on your Account.

You should be aware that you can reach the stage of not having enough Margin Cover (because the contracts being marked to market). In this case you have not satisfied your obligation to maintain the minimum Margin Cover. The change in valuation of your contracts by marking to market is automatic so your obligation to maintain the minimum Margin Cover will change very quickly, reflecting the rapid changes in the market values.

The Margin Cover is linked to the Margin Closeout Level as the example below will explain.

In order to satisfy the minimum Margin Cover requirements, you may:

- Close Out existing positions to reduce your Margin Cover requirements; or
- pay additional funds as Margin for your Account; or
- increase your leverage on an Open Position (only if your contract is not on the maximum Leverage Ratio), however this may give rise to risks (see section 4.2 on "Other Significant Risks"); or
- a combination of the above.

If these actions taken are not sufficient to maintain the minimum Margin Cover then you risk some or all of your positions being automatically Closed Out.

Under the Account Terms, your obligation to pay Margin arises from the time you have an Open Position. If the market moves so as to increase the Margin Cover obligations, or OANDA increases the Margin Cover, you immediately owe the increased amount of the Margin Cover, regardless of if or when we contact you to pay more Margin. Your obligation to maintain the minimum required Margin remains at all times, whether or not we contact you and whether or not you log into your Account.

Example: Here is an example of how the Margin close out process works:

You deposit $8,000 in the OANDA client moneys trust account and by this, you pay OANDA in order for your Account to be credited with $8,000. You enter into a contract and OANDA requires you to pay Initial Margin of $8,000 thereby fully utilising the Balance of your Account. At this point, assume the Account Value is at $8,000.

A short time later, there are fluctuations in the market such that your Account Value falls and is at 52.5% of the Margin Cover, i.e., your Account Value is $4,200 (i.e., 52.5% of $8,000). As a result, you receive a **first warning** from OANDA that your Account Value is close to the Margin Closeout Level. In this example, the Margin Closeout Level is when the Account Value falls to $4,000 (or less).

The market continues to fluctuate unfavourable such that your Account Value continues to fall and is at 51.25% of the Margin Cover, i.e., your Account Value is $4,100 (i.e., 52.25% of $8,000). As a result, you receive a **second warning** from OANDA that your Account Value is close to the Margin Closeout Level.

Unfortunately the market continues to fluctuate unfavourable such that your Account Value is now at 50% or less of the Margin Cover, i.e., your Account Value is $4,000 or less (i.e., 50% of $8,000). As a result, the Margin Closeout Level will be automatically triggered resulting in all your **Open Positions being Closed Out.**

Please note that there is no obligation to give you warnings. We may Close Out your Open Position any time and before the Margin Closeout Level, for example if the market rapidly changes.

In short, the Margin Cover is the amount of Margin required in your Account so that the Margin Cover does not reach the Margin Closeout Level.

Your Margin defaults

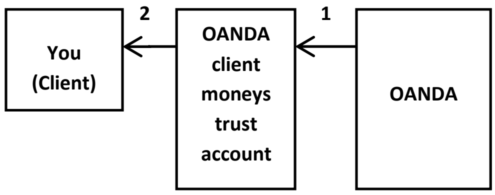
If you do not ensure that you maintain the level of Margin Cover, some or all of your positions may be Closed Out and the resulting Realised Loss deducted from any proceeds. Any losses resulting from Closing Out your Open Positions will be debited to your Account and you may be required to provide additional funds to OANDA to cover any shortfall. If you do not comply with your obligations, all of your Open Positions can be Closed Out automatically as explained earlier in this PDS.

It is your responsibility to pay your Margin on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by OANDA by the time you are required to have the necessary Margin, you could lose some or all of your positions. You should maintain a prudent level of Margin and make payments in sufficient time to be credited to your Account. Please see "Margin risks" in Section 4.

As at the date of this PDS, Accounts can be funded by credit card, debit card, electronic funds transfer, BPAY® and PayPal®. Other payment methods may be made available at a later stage. We will notify Clients of the later available payment methods by posting this information on our website.

C. Excess Margin

This is a simplified diagram and outline of steps of payment flows to the Client when a position in a contract has excess Margin over the Margin Cover. Please see the entire description which follows.



Steps:

Assume that you (as our Client) have excess Margin, i.e., the Margin amount is positive and you request payment of an amount not exceeding the Withdrawable Funds on your Account.

Step 1

OANDA pays the amount of any Realised/Unrealised Profit to the OANDA client moneys trust account for your benefit (which then gets credited as Margin).

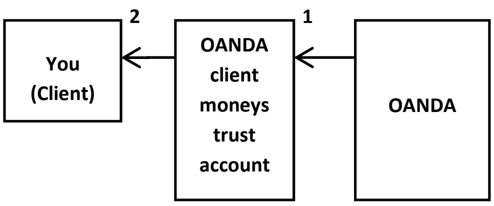
Step 2

On request, OANDA pays funds from the OANDA client moneys trust account into your nominated bank account.

D. Close Out and return of surplus funds

This is a simplified diagram of payment flows for Closing Out a position in a contract. Please see the entire description which follows.

Essentially there is no difference from "C. Excess Margin" above – if there is any excess Margin after Closing Out your contract, then surplus moneys held as Margin in the OANDA client moneys trust account will, on request, be withdrawn to pay you.



Steps:

You (as our Client) Close Out the contracts, realising a gain. Your Account has a net credit balance.

You request payment of Withdrawable Funds.

Step 1

OANDA pays the amount of any Realised/Unrealised Profit to the OANDA client moneys trust account for your benefit (which then gets credited as Margin).

Step 2

On request, OANDA pays funds from the OANDA client moneys trust account into your nominated bank account.

3.11 Valuation

During the term of our contracts, OANDA will determine the value of your entire Account, based on the value of the contracts and all other Open Positions in your Account. The value of your contract positions are adjusted to reflect the positions being marked to market when the market or Exchange for the relevant Underlying Security is open.

3.12 Order Types

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

Important notice about this section

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

OANDA's fxTrade platform does not allow long positions and short positions to be opened over the same type and number of Underlying Securities. The Electronic Trading Platform prevents such Orders and may also later automatically Close Out positions if the Client creates new positions with the same effect.

References to Orders being filled immediately or positions being Closed Out immediately or automatically refer to processing of Transactions as soon as practical in the ordinary course of electronic processing. The speed of electronic processing can depend on a number of technical factors, including any transaction filters required for regulatory compliance.

Entry Order

Entry orders are commonly used to enter a market at a predefined level.

- Entry orders to buy can be placed above or below the current market price and are triggered when the Ask price hits or breaches the price level specified.
- Entry orders to sell can be placed above or below the current market price and are triggered when the Bid price hits or breaches the price level specified.

When an entry order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

Limit Order

Limit orders are commonly used to enter a market and to take profit when the market hits predefined levels.

- Limit orders to buy are placed below the current market price and are triggered when the Ask price hits or breaches the price level specified. If placed above the current market price, the order is filled immediately at the best available price below or at the limit price.
- Limit orders to sell are placed above the current market price and are triggered when the Bid price hits or breaches the price level specified. If placed below the current market price, the order is filled immediately at the best available price above or at the limit price.

When a limit order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

Market Order

A Market Order is executed immediately when placed. It is priced using the current spot, or market price of the Underlying Security.

A Market Order immediately becomes an Open Position and subject to fluctuations in the market. This means that should the market move against you, the value of your Open Position deteriorates – this is an Unrealised Loss. If you were to close the position at this point, you would realise the loss and after that your Account Balance would be updated to include the revised totals.

Take Profit Order

A Take Profit Order automatically closes an Open Position when the price reaches your specified Take Profit Order price. Take Profit Orders are used to lock-in profits when you are unavailable to monitor your Open Positions. For example, if you are long USD/JPY at 109.58 and you want to take your profit when the rate reaches 110.00, you can set this rate as your Take Profit Order. If the Ask price reaches 110.00, the Open Position is closed by the Electronic Trading Platform and your Transaction's gross profit is generated. Your Transaction is closed at the current market rate. In a fast moving market, there may be a gap between the current market rate and the rate you set as your Take Profit Order (so the exact Transaction price cannot be guaranteed).

Stop Order

Stop orders are commonly used to enter a market and to stop losses when the market hits predefined levels.

- Stop orders to buy are placed below the current market price and are triggered when the Ask price hits or breaches the price level specified. If placed above the current market price, the order is filled immediately at the best available price.
- Stop orders to sell are placed above the current market price and are triggered when the Bid price hits or breaches the price level specified. If placed below the current market price, the order is filled immediately at the best available price.

When a stop order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

Stop Loss Orders

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

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

For example, if your Open Position moves towards making a loss based on a level chosen by you, the Stop Loss Order would be triggered in order to try to close your Open Position.

Stop Loss Orders to sell are placed below the current market level and your Stop Loss Order would be executed i.e. triggered if our Bid price (for a Stop Loss Order that requires an Order to sell a contract) moves against you to a point that is at or lower than the level specified by you (and accepted by us). Conversely, Stop orders to buy are placed above the current market level and your Stop Loss Order would be executed i.e. triggered if our offer price (for a Stop Loss Order that requires an Order to buy a contract) moves against you to a point that is at or above the level specified by you (and accepted by us).

All Stop Loss Orders are subject to agreement by us, so you cannot be assured that you will always be able to have a Stop Loss Order. While OANDA has absolute discretion whether to accept a Stop Loss Order, it will generally try to do so, subject to market conditions and the reasonableness of your Stop Loss Order. Your Order may be unreasonable if, for example, the level you have specified is too far away from the market price, the Underlying Security or trading in the Underlying Security has been halted or suspended on the market.

Even if we accept your Stop Loss Order, market conditions may move against you rapidly. It is possible that you may receive the best available price on the market which is worse than the one you have requested from OANDA. A gap in market prices reflects the market for the contracts, so can occur for any reason, without any apparent reason or at any time.

Trailing Stop Order

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

Example: you expect the price of an instrument to rise and reach at least 1.5710 by the end of the day. You open a long position at 1.5680. To limit any potential loss, you place a trailing stop Order at 1.5670 with a distance to market of 10 and a trailing step of 5. During the day the market rises as predicted and the trailing stop follows. When the price suddenly drops to 1.5700, the trailing stop price has reached 1.5705 and is triggered. You have thereby not only protected your initial investment, but you have also managed to keep a good proportion of the profits.

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

In any case, the stop loss order, of any kind, is not a guarantee that it will actually be made. This is the case with any Order you place (and which is accepted by OANDA) as long as it is made in accordance with the Account Terms.

Order bounds

In a fast moving, illiquid market situation (the more common example of this is the few seconds after a major news announcement) you will find that the next available Bid or Ask prices may be multiple pips away from where the last Bid or Ask prices provided by OANDA.

OANDA allows you to add upper and lower bounds to an Order which is an Order instructing OANDA to fill your Order if the Bid or Ask price falls anywhere between these two lower and upper bound Order values.

Order duration

On the OANDA fxTrade platform we allow Orders to be open for a range of times, typically from one (1) hour to approximately 100 days. The MT4 platform allows you to set the expiry time for your Order, typically by minute up to approximately 100 days.

Order expiry times can vary due to compliance, operational or market conditions, so please check your Order at the time.

Special Handling for Large Transactions

If a Transaction or series of Transactions occurs in your Account which results in the immediate opening or closure of a position or series of positions within a period of 10 seconds (from the time of opening or closing, as the case may be), in either case with an aggregate notional value that exceeds USD100,000,000 equivalent in any major currency pair as determined by OANDA from time to time (e.g., a pair comprised of any two of AUD, CAD, CHF, EUR, GBP, JPY, USD), or USD30,000,000 equivalent in any other Financial Product (i.e., other instrument), then OANDA will execute your Transaction(s) at the price shown in the Electronic Trading Platform, e.g., OANDA fxTrade, at the time of your Transaction(s). Subsequently, OANDA may debit or credit your Account (as the case may be) for the difference between the price shown in OANDA fxTrade at the time of your Transaction(s) and an amount equal to 1.0 pip above OANDA's actual volume-weighted cost of implementing such Transaction(s) (as determined by OANDA). (Please see examples 6 and 7 in section 5.)

Market Regulation

As stated above, any of your Orders might not be implemented immediately, or at all, because of OANDA's compliance policies and procedures. OANDA cannot give prior notice of this and will not give reasons for any compliance intervention nor will it be liable for that.

3.13 Margin Closeout

We aim to automatically Close Out some or all of your Open Position(s) when your Account Value reaches the Margin Closeout Level (also referred to as liquidating your positions).

This will change unrealised losses into realised losses and any fees may be incurred on the Close Out of those positions.

We do not represent, warrant, undertake or guarantee that we will actually Close Out your Open Positions once your Account Value reaches the Margin Closeout Level or that your Open Positions will be Closed Out at any particular level or at any particular time since it is automatically done by the Electronic Trading Platform. You are responsible for losses that you may incur, despite us having the right to Close Out your position before the losses were incurred. You should not wait for, or rely, on warning notices from us.

It is your responsibility to pay your Margin and to maintain the Margin Cover, so please keep in mind the possibility of delays in the banking and payments systems.

Please contact OANDA for further information on the current Margin Closeout Level that applies to you. OANDA may change the Margin Closeout Level at any time.

3.14 Short OANDA CFDs

When dealing in short OANDA CFD positions, you may be directly or indirectly affected by the laws and Exchange rules in the country as they apply to short selling of the Underlying Security.

When dealing in short OANDA CFDs, you can experience forced closure of a position if your OANDA CFDs get recalled (which is a common way of referring to early Close Out of your OANDA CFD due to the hedge contract for your OANDA CFD being Closed Out early due to a Hedge Counterparty (or its hedge counterparty) being required to deliver the Underlying Security to its own counterparty).

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

OANDA does not allow long positions and short positions to be opened over the same type and number of Underlying Securities. The Electronic Trading Platform prevents such Orders and may also later automatically Close Out positions if the Client creates new positions with the same effect.

3.15 Market Conduct

All market participants have a legal obligation to ensure that the markets are fair, orderly and transparent.

OANDA Clients should be aware that some practices in placing Orders can constitute market manipulation or creating a false market which is conduct prohibited under the Corporations Act. It is the Client's responsibility to be aware of unacceptable market practices and the legal implications. The Client may be liable for penalties to regulators such as ASIC or be liable to OANDA for costs or compensation to OANDA arising out of those trading practices of the Client which lead to the Client, OANDA or any other person suffering loss or penalty. Similarly, OANDA may, for compliance reasons, prevent or delay Orders and will not be liable to you for that.

3.16 Closing a position

Our contracts do not have an expiry date. They remain open until they are Closed Out. With most contracts you can hold the position for as long as you like (subject to your compliance with Margin obligations and our rights to Close Out positions). This may be for less than a day, or for months.

If you wish to close an Open Position before it expires, you enter into a closing position which is equal and opposite of the Open Position. To close a 'bought' or 'long' position you sell to close, and to close a 'short' or 'sold' position you buy to close.

To implement this, you contact OANDA, via the Electronic Trading Platform, to determine the current value of the Open Position, with the view to closing the position (or part of it).

OANDA's Electronic Trading Platform gives the price to close and you then decide whether to accept the price and, if so, you might decide to place an Order to Close Out your Open Position.

At the time that the positions are closed, OANDA will calculate the charges or credits since the previous calculation – see Section 5 on "Costs, Fees and Charges".

In order to provide the contracts to you in an efficient and low-cost manner, OANDA has discretion in determining closing prices. In general, without limiting OANDA's discretion, it should be expected that OANDA will act reasonably and have regard to a range of relevant factors at the time, such as the value of any hedge contract taken by OANDA to hedge its contracts issued to you, the closing price of the Underlying Security for the position, any foreign currency exchange rates which are relevant due to the denomination of the position or Accounts and any suspension or halt in trading of the Underlying Security.

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

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

Although there are no specific limits on OANDA's discretions, OANDA must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

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

3.17 OANDA MT4 Hedging

OANDA's MetaTrader 4 (MT4) Hedging Compatibility Product simulates the trading of multiple long and short positions in the same instrument over the OANDA MT4 platform. No actual hedging of exposure results from use of the Product. Instead, when a "hedge" transaction is opened in the opposite direction of an existing position, a net position results from the "hedge" transaction rather than two open positions. This netting of positions will be apparent on the fxTrade platform, but will appear to be two open positions in OANDA's MT4 platform, when in fact only a single net open position will result.

As a result of this hedging simulation, the OANDA MT4 platform may display inaccurate information with regards to the actual Account Balance, Net Asset Value, and Realised/Unrealised Losses and Realised/Unrealised Profits (Unrealised Profit & Loss) of the Account. In addition, the OANDA MT4 platform may provide inaccurate information with regard to impending Margin Closeouts or potential Interest payments and/or charges.

3.18 Your Counterparty Risk on OANDA

When you deal in the contracts, you have a counterparty risk on OANDA. An element of counterparty risk is "credit risk", so you should consider your credit risk on OANDA having the financial resources at the time to pay you the amounts it owes you. Your potential risk on OANDA is affected by OANDA not always or not fully hedging its contracts as part of its market making model.

Please note that OANDA does not use client moneys to hedge any of its positions with its Hedge Counterparty. Those positions are funded by OANDA's operating account.

Your credit risk on OANDA

You have credit risk on OANDA when your Account has a net credit balance made up from the amounts credited as Margin, the unrealised value of the contracts, other amounts credited to your Account (from closed positions or Finance Charges credited to your Account), other positions posted to your Account (from your other trading using the Electronic Trading Platforms), less fees and charges and the minimum required Margin.

Your credit risk on OANDA is reduced when OANDA pays funds into the OANDA client moneys trust account following a Realised/Unrealised Profit, because those funds are held beneficially for you (instead of you being an unsecured creditor for that same amount).

Your credit risk on OANDA depends on the overall solvency of OANDA, which is affected by OANDA's risk management.

Your credit risk on OANDA is managed and reduced by OANDA making the payments into the OANDA client moneys trust account for your Account and by OANDA applying its risk management policy and margin policy designed to reduce risk to OANDA and therefore benefit all of its clients.

Risks from OANDA's Hedge Counterparty

OANDA operates a market making model, which means it may at any time choose to hedge or not to hedge any of its positions and change that at any time. OANDA has risk management systems in place to manage risk, including but not limited to financial, operation and credit risk.

Since not all client transactions may be fully or partly hedged, OANDA has exposure to market risk. OANDA monitors market risk on a daily basis against limits set from time to time. OANDA also has systems in place to manage this risk and policies around monitoring client positions. OANDA intends to use only one Hedge Counterparty.

It is possible that OANDA's Hedge Counterparty may become insolvent or it is possible that other clients of that Hedge Counterparty may cause a default which reduces the financial resources or capacity for that Hedge Counterparty to perform its obligations owed to OANDA under the hedge contracts. Since OANDA is liable to you as principal on the contract, OANDA could be exposed to the insolvency of its Hedge Counterparty or other defaults which affect the Hedge Counterparty.

Stress testing is performed regularly to ensure that in the event of significant adverse market movements, OANDA has sufficient liquid resources to meet its obligations to its clients. The stress testing is performed by OANDA Corporation (which is OANDA's Hedge Counterparty).

Please note that OANDA does not use client moneys to hedge any of its positions with its Hedge Counterparty. Those positions are funded by OANDA's operating account.

The following information is applicable with respect to OANDA's Hedge Counterparty as at the date of this PDS:

OANDA's Hedge Counterparty:	OANDA Corporation
Website of Hedge Counterparty:	www.oanda.com
Further information:	OANDA Corporation was incorporated in 1996 and is a financial services provider of currency conversion, online retail foreign exchange and contracts for difference trading, online foreign currency transfers. OANDA Corporation is a registered Retail Foreign Exchange Dealer (**RFED**) with the US Commodity Futures Trading Commission (**CFTC**) and a Forex Dealer Member (FDM) of the US National Futures Association (NFA Number 0325821)

You should note that:

- OANDA Corporation has not been involved in the preparation of this PDS but has authorised any statement made in this PDS relating to it.
- OANDA Corporation has no contractual or other legal relationship with you as holder of the contracts. OANDA Corporation is not liable to you and you have no legal recourse against OANDA Corporation (because OANDA acts as principal to you and not as agent) nor can you require OANDA to take action against OANDA Corporation.
- OANDA gives no assurance as to the solvency or performance of any Hedge Counterparty. OANDA Corporation is required to meet the financial requirements of the Commodity Futures Trading Commission and the National Futures Association in the USA.
- The regulation of a Hedge Counterparty is no assurance of the credit quality of the Hedge Counterparty or of any regulated or voluntary scheme for meeting the claims of creditors of the Hedge Counterparty. For example, although a Hedge Counterparty may be regulated by US financial services law that gives no assurance that the Hedge Counterparty has good credit quality or it will perform its obligations to OANDA.
- The credit quality of the Hedge Counterparty can change quickly. OANDA may not be able to make assessments of the credit quality of its Hedge Counterparty at the time the changes occur which it can disclose and reports by independent credit rating agencies may not be available because of their lack of consent or because they are not licensed to allow such reports to be cited in the PDS given to retail clients.
- OANDA may use other Hedge Counterparties and may do so without prior notice to you of that. For example, in times of exceptional market difficulties or communications technology problems, OANDA may decide it is prudent to hedge with other hedge counterparties other than with OANDA Corporation. If OANDA intends to change its Hedge Counterparty on a more fixed arrangement, OANDA will post that information on its website.
- If OANDA becomes aware that material information about the Hedge Counterparty changes or a significant matter later changes, OANDA will issue a supplementary product disclosure statement, or a new product disclosure statement. If the new information is not materially adverse to you, OANDA will provide the updated information on its website.

OANDA is not authorised to set out in this PDS any further information published by the Hedge Counterparty and OANDA takes no responsibility for third-party information about the Hedge Counterparty which may be available to you. If you require further information about the Hedge Counterparty used by OANDA before deciding whether to invest in the contracts, please contact us so we can provide to you any further information of the Hedge Counterparty which is publicly available.

Solvency of OANDA

The risks you have by dealing with OANDA cannot be simplistically assessed by reference to historical financial information about OANDA or its Hedge Counterparty or general statements of principle.

The credit risk you have on OANDA depends on, whether it systematically manages all Client Accounts on the same basis, its solvency generally, as well as on the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its Client and security concentration risks, its counterparty risks for all of its business and transactions (not just the contracts), its risk management systems and actual implementation of that risk management.

Your credit risk on OANDA will fluctuate throughout the day and from day to day, including due to the implied credit risk on its Hedge Counterparty, whose credit risk to OANDA (and so indirectly to you) cannot be assessed or verified on a continuous basis or perhaps at all.

You should take into account all of those factors and not rely only on past financial statements since that could be materially incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and creditworthiness of OANDA.

The OANDA annual directors' report and an audited annual financial report will be available free of charge on request by contacting OANDA from the time they are first produced.

Payments to you in OANDA Insolvency

If OANDA becomes insolvent, here is how you can be paid for any net credit balance in your Account:

- Your moneys in the OANDA client moneys trust account should be paid to you, after deduction for any amounts properly payable to OANDA for the contracts or other financial products or which you have otherwise agreed are payable to OANDA (and subject to any court orders to the contrary).
- OANDA will owe you any remaining net amount after paying to you your moneys from the OANDA client moneys trust account.
- OANDA will need to assess the amounts prudently available to pay Clients, and may choose to pay out interim amounts from any available funds.
- The precise amounts and timing of any further required payments will not be known until the net position with its Hedge Counterparty is known.
- OANDA will need to assess whether it can feasibly sue to recover anything owed by its Hedge Counterparty.
- OANDA will need to assess fair and reasonable allocation to Clients, having regard to, for example any amounts paid from the OANDA client moneys trust account, Account balances and amounts recovered from its Hedge Counterparty.

Section 4 – Significant Risks

Using our products involves a number of significant risks. You should seek independent advice and consider carefully whether our products are appropriate for you given your experience, financial objectives, needs and circumstances.

4.1 Key Risks

You should consider these key risks involved in our offering:

KEY RISKS	IMPORTANT ISSUES
Loss from Leverage:	The contracts have leverage which can lead to large losses as well as large gains. The high degree of leverage in our products can work against you as well as for you. The leveraged nature of the OANDA contracts gives a moderate to high risk of a loss larger than the amounts you pay OANDA as Margin. It can also cause volatile fluctuations in the Margin Cover requirements. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing Out the positions before losses arise.
Unlimited loss on short positions:	Your potential loss on short positions may be unlimited –more than the amount you pay OANDA for the positions. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing Out the positions before losses arise.
Client moneys are withdrawn to pay OANDA:	The money which you pay into the OANDA client moneys trust account is withdrawn to pay OANDA moneys to which it is entitled. This includes amounts for any Realised/Unrealised Losses as well as for any fees, charges and costs. Those moneys withdrawn to pay OANDA are OANDA's moneys (and are not held for you), reducing the amount of moneys held in the OANDA client money trust account held beneficially for you.
Margin risk:	You must be able to pay to OANDA the amount of required Margin as and when required, otherwise some or all of your Transactions may be Closed Out without notice to you. Margin Cover requirements are highly likely to change continuously, in line with market movements in the Underlying Security. You should consider there is a high risk of Margin Cover requirements changing and at times very rapidly. There is a moderate to high risk that if the market value of the Underlying Security moves rapidly against you, you will be required to pay more Margin without OANDA giving you notice of that. You can minimise your risk of losing your positions after failing to meet Margin Cover obligations by carefully selecting the type and amount of contracts to suit your needs, having risk management tools in place (such as placing stop loss orders, limit orders or any other Order permitted by OANDA), monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by OANDA. Please see Section 3.9 for further information about Margin.
Foreign exchange risk:	Foreign currency conversions required for your Account (see Section 6.1 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to potentially adverse changes in the value of your Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a position.

KEY RISKS	IMPORTANT ISSUES
Counterparty risk on OANDA:	You have the risk that OANDA may not meet its obligations to you under the contracts. The contracts are not Exchange traded so you need to consider the credit and related risks you have on OANDA. OANDA believes that your counterparty risk on OANDA is low, especially due to its feature of paying moneys into the OANDA client moneys trust account if there is any Realised/Unrealised Profit on your Account and due to its Margin policy and risk management which it implements for the benefit of Clients. **Another reason OANDA believes that your counterparty risk is low is the additional feature of OANDA not using client moneys to hedge any of its positions with its Hedge Counterparty. Those positions are funded from OANDA's operating account.** You can minimise your counterparty risk on OANDA by limiting the amount you pay OANDA, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk resulting in all of your positions being Closed Out. Please see heading "Your Counterparty Risk on OANDA" in Section 3.

4.2 Other Significant Risks

You should consider these significant risks involved in our products:

SIGNIFICANT RISKS	IMPORTANT ISSUES
Market risk:	Financial markets can change rapidly; they are speculative and volatile. Prices of currencies depend on a number of factors including but not limited to, for example, commodity prices or central bank decisions, interest rates, demand and supply and actions of governments. Our products are highly speculative and volatile. There is a high risk that market prices may move such that the Contract Value of the position on closing can be significantly less than the amount you invested in them. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You can reduce your risk by understanding the market relevant to the contracts, monitoring your positions carefully and closing your Open Positions before unacceptable losses arise.
OTC market:	The products offered by OANDA are derivatives and are not covered by the rules for Exchange-traded contracts. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the National Guarantee Fund **do not apply** to trading in our contracts. Over-the-counter derivatives, such as the contracts, by their nature may not at times be liquid investments in themselves. If you want to exit the position, you rely on OANDA's ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Security. You can reduce your risk by carefully reading this PDS, the Account Terms and taking independent advice on the legal and financial aspects relevant to you.
Market disruptions:	A market disruption may mean that you may be unable to deal in our products when desired, and you may suffer a loss as a result of that. This is because the market disruption events which affect the Underlying Security will also affect the contract positions on the same or very similar basis. Examples of disruptions include the "crash" of a computer-based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular series of contracts or a particular trade, and suspends

SIGNIFICANT RISKS	IMPORTANT ISSUES
	trading in those contracts or cancels that trade. You can attempt to minimise the effect of market disruptions by obtaining information released by the market relevant to the position and taking action after the event as appropriate (if any) to the position held, such as Closing Out because the values have significantly changed since before the event.
Orders and gapping:	It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the Contract Value over a short period. There is a moderate to high risk of this occurring. OANDA's ability to Close Out a position depends on the market for the Underlying Security. Stop Loss Orders (and other Order types) may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss. You should consider placing Stop Loss Orders or other Orders that may limit your losses but also closely monitor your Account and the relevant market in case the Stop Loss Order is not fully filled or filled at all and you need to take further action to limit your losses. For further information, see section on "Stop Loss Orders".
Auto Liquidation:	OANDA may without prior notice to you liquidate some or all of your Open Positions if the Account Value balance reaches or falls below the Margin Closeout Level applicable to your Account. This can generate realised losses in your Account. OANDA does not assure you that OANDA will actually act on this right, at any time or in respect of all or any of your Open Positions. It is not something that you should rely upon to manage your risk and your obligation to maintain Margin Cover. The more basic risks to you are that you fail to manage your own Account by maintaining adequate Margin Cover, you fail to monitor your Open Positions, you (wrongly) wait for or rely on warning notices, you (wrongly) rely on OANDA liquidating your Open Positions or you fail to manage your Open Positions before the Account Value balance reaches or falls below the

SIGNIFICANT RISKS	IMPORTANT ISSUES
	Margin Closeout Level applicable to your Account. You can manage the risk of OANDA liquidating some or all of your Open Positions, or the risk of you wrongly relying on OANDA to do this, by carefully monitoring your Open Positions, placing and maintaining prudent Orders (including stop loss Orders) and managing your Open Positions before the Account Value balance reaches or falls below the Margin Closeout Level applicable to your Account. Please note that although OANDA may allow you to increase your leverage on an Open Position (only if your contract is not on the maximum Leverage Ratio), this may give rise to a risk that you may be required to pay more Margin to OANDA as a result of increasing your leverage at short or no notice.
Electronic Trading Platform:	You are responsible for the means by which you access the Electronic Trading Platforms or your other contact with OANDA. If you are unable to access the Electronic Trading Platforms, it may mean that you are unable to trade in our OTC contracts (including Closing them Out) or you might not be aware of the current Margin requirements and so you may suffer loss as a result. OANDA may also suspend the operation of the Electronic Trading Platforms or any part of them, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, OANDA has discretion in determining when to do this. If the Electronic Trading Platform is suspended, you may have difficulty contacting OANDA, you may not be able to contact OANDA at all, or your Orders may not be able to be executed at prices quoted to you. There is a moderate to high risk that OANDA imposes volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against OANDA in relation to the availability or otherwise of the Electronic Trading Platforms, nor for their errors and software. Please review the terms and any guidance

SIGNIFICANT RISKS	IMPORTANT ISSUES
	material for any particular online trading platform.
Market:	The rules of the relevant market (if any) or Exchange govern the trading in the Underlying Security and so may indirectly affect the dealing in the contracts. All of the rules (if any) of each relevant market may be relevant to the contracts, so you should consider those rules. The details of those rules are outside the control of OANDA and they may change at any time and without notice to you. Your dealings may be affected by OANDA restricting, delaying or adjusting your Transactions (including Closing Out your positions due to OANDA exercising its discretions for the purpose of complying with its duties, including in relation to market conduct regardless of whether there are any Exchange rules governing any Underlying Securities. This may limit or prevent your profits or cause you loss, without OANDA being liable for that.
Conflicts:	Trading with OANDA for its OTC contracts carries an automatic risk of actual conflicts of interests because OANDA is acting as principal in its positions with you and OANDA sets the price of the contracts and also because it might be transacting with other persons, at different prices or rates, or OANDA might be trading with market participants. The policy used by OANDA is that as principal it issues the contract to you based on the price it gives you, not by acting as broker to you. OANDA obtains its price by dealing with its own Hedge Counterparty. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring the contracts' pricing and by monitoring the underlying market. The other trading activities of OANDA, such as acting as broker to its Clients, are conducted without reference to OANDA's dealing in our products with you. OANDA may make those transactions as principal or as agent, and may do so to hedge its position and with the intention of making a profit.

SIGNIFICANT RISKS	IMPORTANT ISSUES
Valuations:	The products are valued by OANDA. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Security on the relevant market which in turn affects the price quoted by any relevant Hedge Counterparty to OANDA. OANDA does not commit to providing prices directly from a market. If the market fails to provide that information (for example, due to a failure in trading systems or data information service) or trading in the Underlying Security is halted or suspended, OANDA determines its value. Due to the nature of our products, in common with industry practice for such financial products, OANDA's discretion is unfettered and so has no condition or qualification. While there are no specific limits on OANDA's discretions, OANDA must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by OANDA in the circumstances permitted by the Account Terms.
Regulatory bodies:	A Client may incur losses that are caused by matters outside the control of OANDA. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Security and so the terms of the Client's contract. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which might affect the Underlying Security for the Client's position.
OANDA's powers on default, indemnities and limitations on liability	If you fail to pay, or provide currency for, amounts payable to OANDA or fail to perform any obligation under your Transactions, OANDA has extensive powers under the Account Terms to take steps to protect its position. For example, OANDA has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Account Terms you agree

SIGNIFICANT RISKS	IMPORTANT ISSUES
	to indemnify OANDA for certain losses and liabilities, including, for example, in default scenarios. You should read the Account Terms carefully to understand these matters.
Operational risk:	There is always operational risk in the contracts. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction. We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, including but not limited to faults in the online trading platform or in the provision of data by third parties.

Section 5 – Costs, Fees & Charges

5.1 Costs, Fees & Charges

OANDA does not charge a commission for opening or closing a position. It only charges the Finance Charge on Open Positions.

OANDA applies a Finance Credit on Open Positions.

It is important that you understand how the Finance Charges and Finance Credits work, because they will affect your Account Value. The combined effect of Finance Charges and Finance Credits for all of your Open Positions may be considered to be your cost (or benefit) of holding your Open Positions, so you should take them into consideration when deciding whether to acquire or to dispose of your positions.

The three most important factors for Finance Charges and Finance Credits are: (i) what amounts they apply to; (ii) their rates; and (iii) how they are calculated.

There are some differences in how they apply to FX Contracts and to OANDA CFDs, so they are separately described below.

A special handling debit and a special handling credit are applied if there is a large Transaction as defined in 3.11.

One of the most important features provided by OANDA is making the calculations on a second-by-second basis. This better reflects the cost (or benefit) of holding Open Positions.

The rates for Finance Charges and Finance Credits are often referred to as "interest rates". This is a convenient reference to the rates for Finance Charges and Finance Credits.

OANDA derives a financial benefit by entering into its hedge transactions with other persons at rates and prices different from those charged to Clients.

5.2 Finance Charge and Finance Credit on contracts

FX Contracts

If you hold a long or short position you will generally be debited a Finance Charge or credited a Finance Credit (as applicable in a particular case) on the Open Positions held.

The Finance Charge (or Finance Credit) is applied to the Contract Value (not the Account Value) of all of your Open Positions. They are calculated and accrued on a continuous, second-by-second basis, with the calculation generally performed daily at 16:00 New York Time.

The rates used to calculate the Finance Charge (or Finance Credit) can be found either on the Electronic Trading Platforms or the OANDA website and vary according the currency pair of an FX Contract.

To calculate the Finance Charge (or Finance Credit), OANDA analyses the Contract Value during each second of the previous 24 hours of an Open Position.

For example, if the Contract Value was $10,000 at 16:00 New York Time and it changes to $12,000 at 22:00 New York Time and remains at $12,000 until 16:00 New York Time the following day, then 6 hours worth of Finance Charge (or Finance Credit) is calculated on $10,000 and 18 hours worth of Finance Charge (or Finance Credit) is calculated on $12,000.

OANDA debits (or credits) the Finance Charge (or Finance Credit) by using as the starting point, a Transaction opened at 16:00 New York Time, calculated for the time interval starting at 16:00 New York Time the previous day or the time the Transaction was entered into by the Client, whichever is the later and ending at 16:00 New York Time the following day or when the Transaction is Closed Out (whichever is the earlier).

You can use our "Interest Calculator" on our website to ascertain the Finance Charges in respect of a Transaction.

CFDs

OANDA CFD Finance Charges and Finance Credits are assessed using the interest rates associated with the OANDA CFD. OANDA publishes its OANDA CFD interest rates, expressed as Bid and Ask rates for each OANDA CFD, in real-time on OANDA's "Historical Interest Rates Tool" on its website.

OANDA CFD Finance Charges and Finance Credits on an Open Position will be netted. This means that the single (net) Finance Charge (or Finance Credit) on a CFD Transaction will be the result of the difference between the CFD interest rate and the interest rate on each currency used in the CFD Transaction. Therefore you will be charged a Finance Charge if the net interest rate is negative and receive a Finance Credit if the net interest rate is positive.

To illustrate how interest rates will be applied when trading OANDA CFDs, consider this example:

Suppose a Client opens a long position in US Wall St 30, an OANDA CFD that is priced against USD.

	US Wall St 30 (CFD)	USD (Currency)
Yearly Bid rate	1.50%	0.10%
Yearly Ask rate	3.50%	0.50%

(Note: this example uses sample interest rates that do not reflect current market interest rates).

	CFD Net Interest Rate	Calculations
Long annual interest rate	1.00%	= Bid US Wall St 30 - Ask USD = 1.50 - 0.50 = 1.00
Short annual interest rate	-3.40%	= Bid USD - Ask US Wall St 30 = 0.10 - 3.50 = -3.40

In this scenario, in simple terms the Client would receive a 1.0% annual interest rate while holding the long CFD position. If the Client had opened a short CFD position, the Client would have been charged a 3.4% annual interest rate while holding the position.

It is important to note that OANDA CFD net interest rates can be either positive or negative, regardless of whether a Client's position is long or short. Please ensure you carefully check interest rates before transacting.

The trading examples which appear later in this PDS help illustrate more details of how this works in practice.

5.3 Conversion

OANDA will convert any profit or loss of your Transactions from the currency of your Transaction to the currency of your Account and does not charge any additional conversion fee. The conversion is actually reflected in the exchange rate at which the Transaction is converted and is not an additional conversion fee.

5.4 Inactive Accounts

You acknowledge that in the event that there are no executed Order to open a Transaction in your Account for a period of at least 24 months, OANDA may designate your Account as "inactive." If you request to reactivate your Account, you agree to provide whatever information and execute such additional documentation as OANDA may reasonably require, and to be bound by the version of this Agreement in effect at such time. After such minimum 24-month inactivity period, OANDA may, without advance notice to you, charge your Account a monthly Inactivity Fee for each month the Account remains inactive by debiting the Inactivity Fee from your Account. The monthly Inactivity Fee will be equal to the lesser of (i) 10.00 units of the currency in which your Account is denominated (with the exception of Accounts denominated in JPY and HKD, which will be charged 1000 JPY and 75 HKD respectively) or (ii) the remaining balance in your Account.

5.5 External Fees, Taxes and Charges

In some cases, there may be fees charged by third party banks (e.g., bank charges on international transfers) to OANDA which OANDA may need to charge you. These are not financial product fees, taxes or charges so are not disclosed in the PDS. They may be disclosed in the Electronic Trading Platforms, on OANDA's website or in OANDA's financial services guide, depending on the nature of the item.

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

5.6 OANDA Trading Examples

Here are some examples to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please all of the variables, including interest rates before entering into or closing your Transaction.

All references to an interest debit or charge or interest gains or credit are references to the Finance Charge or Finance Credit, as the case may be.

Please also see the notes at the end of this Section 5.5 to help understand how these are worked examples, to help describe how our contracts work.

Example 1 – OANDA Commodity CFD - Profit

The Client expects the price of Brent crude to appreciate against the US dollar and therefore decides to buy an OANDA Commodity CFD with the Underlying Security being Brent crude.

OANDA quotes a Bid/Ask price of 110.00 /110.05.

The Client buys the OANDA Commodity CFD at the Ask price of 110.5.

Quote (Bid/Ask)	110.0/110.05
Open Ask price	110.05
Transaction size	100 units (100 barrels)
Transaction value	100 x 110.05 = 11,050 USD
Initial Margin @ 50:1 Leverage Ratio	11,050/50 = 220.10 USD

*Note: Margin Cover requirements will be converted to the Account currency (e.g. AUD) based on OANDA's prevailing exchange rates (e.g. AUD/USD live rate) which are updated constantly.

Interest Adjustments

While the position remains open, there will be accrued interest gain/charge (i.e., Finance Charge/Finance Credit adjustments) which will be debited/credited to your Account Balance daily at 4:00 p.m. (New York time). If the position is Closed Out before 4:00 p.m. (New York time), the accrued interest gain/charge will be debited/credited to your Account Balance at the time of the position being Closed Out.

Interest gained/charged is based on the prevailing interest rate determined by OANDA and accrues on a per second basis.

In this example, assume the interest **gained** for buying the OANDA Commodity CFD with an Open Position duration of 24 hours is 5USD.

*Note: Daily interest will be converted to the Account currency (e.g. AUD) at OANDA's prevailing exchange rates (e.g. AUD/USD rate at time of position closing).

On the next day the price of Brent crude has risen to 115.00/115.05 and the Client decides to take the profit.

At the time the Client wants to close the position, the Client sells at the Bid price of 115.00.

The pre-tax profit/loss for the Transactions is calculated using the following: (close Bid price – open Ask price) x Transaction size = profit/loss.

The result is a profit of 495 USD summarised below:

Quote (Bid/Ask)	115.00/115.05
Closing Bid price	115.00
Transaction size	100 units (100 barrels)
Profit = (Close Bid price – open Ask price) x Transaction size	(115.0 – 110.05) x 100 = 495 USD

*Note: Profit will be converted to the Account currency (e.g. AUD) at OANDA's prevailing exchange rates (e.g. AUD/USD rate at time of position closing).

Calculating the Overall Result

To calculate the overall or net profit, you also have to take account of the interest charge or credit. In this example, an interest credit applies in your favour and assuming you have hold the position for 12 hours, you will earn a total interest credit of 2.50 USD (i.e., 12/24 x $5):

Gross profit on Transaction:	495 USD
Interest credit:	2.50 USD
Net Profit:	497.50 USD

Example 2 – OANDA Index CFD - Loss

The Client expects the level of the S&P 500 index to fall and therefore decides to buy an OANDA Index CFD to take a short position with the Underlying Index being the S&P 500. The S&P 500 index is currently at the Bid/Ask prices of 1800.0/1801.0.

Quote (Bid/Ask)	1800.0/1801.0
Open Bid price	1800.0
Transaction size	50 units of OANDA Index CFDs (i.e., 50 contracts)
Transaction value	50 x 1800 = 90,000 USD
Initial Margin @ 50:1 Leverage Ratio	90,000/50 = 1,800 USD

*Note: Margin Cover requirements will be converted to the Account currency (e.g. AUD) based on OANDA's prevailing exchange rates (e.g. AUD/USD live rate) which is updated constantly.

Interest Adjustments

While the position remains open, there will be accrued interest gain/charges (i.e., Finance Charge/Finance Credit adjustments) which will be debited/credited to your Account Balance daily at 4:00 p.m. (New York time). If the position is Closed Out before 4:00 p.m. (New York time), the accrued interest gain/charge will be debited/credited to your Account Balance at the time of the position being Closed Out.

Interest gained/charged is based on OANDA's prevailing interest rates and accrues on a per second basis.

In this example, assume the interest **charged** for buying the OANDA Index CFD with an Open Position of 24 hours is 10 USD.

*Note: Daily interest will be converted to the Account currency (e.g. AUD) at OANDA's prevailing exchange rates (e.g. AUD/USD rate at time of position closing).

The next day, the level of the S&P 500 index rises to 1849/1850, at which time the Client decides to close the position and take the loss. The Client closes the short position by buying at the Ask price at 1850.

The pre-tax profit/loss for Transactions is calculated using the following: (close Ask price – open Bid price) x Transaction size = profit/loss.

The result is a **loss** of 2,500 USD summarised below:

Quote (Bid/Ask)	1849/1850
Closing Ask price	1850
Transaction size	50 units (i.e., 50 contracts)
Loss = (Close Ask price – Open Bid price) x Transaction size	(1850 – 1800) x 50 = -2,500 USD

*Note: Losses will be converted to the Account currency (e.g. AUD) at prevailing exchange rate (e.g. AUD/USD rate at time of position closing).

Calculating the Overall Result

To calculate the overall or net loss, you also have to take account of the interest charge or credit. In this example, an interest credit applies in your favour and assuming you hold the position for 16 hours, you will earn a total interest credit of 6.67 USD (i.e., 16/24 x $10):

Gross loss on Transaction:	-2,500 USD
Interest credit:	6.67 USD
Net loss:	-2,493.33 USD

Example 3 – OANDA FX Contracts - Profit

You decide to go long on the US dollar against the Yen, and ask for a quote for an OANDA FX Contract with the currency pair being USD/JPY, the equivalent of US$100,000 (Transaction sizes are set out in the Electronic Trading Platform). We quote you 103.99/104.00 and you buy an OANDA FX Contract at an Ask price of 104.00.

Interest Adjustments

While the position remains open, there will be accrued interest gain/charge (i.e., Finance Charge/Finance Credit adjustments) which will be debited/credited to your Account Balance daily at 4:00 p.m. (New York time). If the position is Closed Out before 4:00 p.m.

(New York time), the accrued interest gain/charge will be debited/credited to your Account Balance at the time of the position being Closed Out.

Interest gained/charged is based on OANDA's prevailing interest rates and accrues on a per second basis.

In this example, assume the interest gained for buying the OANDA FX Contract with an Open Position of 24 hours is 50 JPY.

*Note: Daily interest will be converted to the Account currency (e.g. AUD) at OANDA's prevailing exchange rate (e.g. AUD/JPY rate at time of position closing).

Closing the Position

Three weeks later, USD/JPY has risen to 115.00/115.01, and you take your profit by closing your Open Position at the Bid price of 115.00. Your pre-tax profit on the Transaction is calculated as follows:

Quote (Bid/Ask)	115.00/115.01
Closing Ask price	115.00
Transaction size	100,000 units (1 standard lot)
Profit = (Close Bid price – Open Ask price) x Transaction size	(115 – 114) x 100,000 = 100,000 JPY

The result of the Transaction is a **profit** of 100,000 JPY.

Calculating the Overall Result

To calculate the net profit or loss (pre-tax), you also have to take account of the interest charge or credit. In this example, an interest credit applies in your favour and assuming you hold the position for 21 days, you will earn a total interest credit of ¥1,050 (i.e., 21 x ¥50):

Gross profit on Transaction:	¥100,000
Interest credit:	¥1,050
Net Profit:	¥101,050

Exchange rates are subject to fluctuations throughout the day (instead of the same rate assumed throughout this example) so Clients should always be aware of the effect the changing exchange rates will have on their positions.

*Note: Profit will be converted to the Account currency (e.g. AUD) at OANDA's prevailing exchange rate (e.g. AUD/JPY rate at time of position closing).

Example 4 – OANDA FX Contracts - Loss

Opening the Position

You decide to go short on the currency pair AUD/USD, and ask for a quote for an OANDA FX Contract with a transaction size of 300,000 units, the equivalent of A$300,000. We quote you 0.9000/0.9001 and you short the OANDA FX Contract.

Closing the Position

You decide to put your Stop Loss Order at 0.9050. This means that, should the market move against you, your position will be Closed Out when the Ask price reaches 0.9050 (during normal market conditions). So, assuming the Stop Loss Order is effective, the most you can lose on the position (before applying Finance Charges or Finance Credits) is:

Stop Loss Order Level:	A$300,000 (300,000 AUD/USD units) x 0.9050 = US$271,500
Opening Level:	A$300,000 (300,000 AUD/USD units) x 0.9000 = US$270,000
Potential Loss:	US$1,500

Interest Adjustments

While the position remains open, there will be accrued interest gain/charge (i.e., Finance Charge/Finance Credit adjustments) which will be debited/credited to your Account Balance daily at 4:00 p.m. (New York time). If the position is Closed Out before 4:00 p.m. (New York time), the accrued interest gain/charge will be debited/credited to your Account Balance at the time of the position being Closed Out.

Interest gained/charged is based on OANDA's prevailing interest rates and accrues on a per second basis.

Assume there is a Finance Charge of 20 USD.

Calculating the Overall Result

To calculate the net profit or loss (pre-tax), you also have to take account of the interest charge (i.e., Finance Charge). In this example, an interest charge applies of 20USD:

Gross profit on Transaction:	1,500 USD
Interest charge:	20 USD
Net Profit:	1,480 USD

Please remember that it is not possible to guarantee that the stop loss Order will be implemented. As described in this PDS, it is possible that the market prices or values may move too rapidly or you might have placed your Order at a time when the Order could not be implemented and the market later opened at prices beyond your stop loss Order. Therefore you have the risk that the actual loss is greater than the potential loss applying if the stop loss Order is not implemented.

Example 5 - Trading with MT4 Hedging Compatibility enabled

Opening the first position

With your MT4 Hedging Compatibility account, you decide to open a 2 lot (which equals 200,000 units on fxTrade) position going long AUD/USD on the MT4 platform (note: It is not possible to open trades on the desktop fxTrade platform, nor advised to open/close trades on other fxTrade platforms).

Both the MT4 and fxTrade will display the same open position and Margin Used, and interest will be accrued based on this position.

Opening a second, hedged position

You decide to open a 1 lot (100,000 unit) trade going short AUD/USD with your MT4 Hedging Compatibility account on the MT4 Platform.

The MT4 platform will display two positions: a 2 lot trade long AUD/USD and a 1 lot trade short AUD/USD. Margin Used is represented as 2 lots (aka, the longest leg of your hedged positions), influencing the calculation of how much Margin Available remains for future trades. All Profit/Loss will be displayed as unrealized.

fxTrade (the system of record) will partially close your long position of 200,000 units of AUD/USD (equivalent to 2 lots) and display a single, net position of 100,000 units long AUD/USD. Margin Used is 100,000 units, influencing how close you are to a margin closeout. Any Profit/Loss held on the additional 100,000 units long AUD/USD that has now been closed will become realized. Interest will be accrued based on this, net position.

Closing all positions, starting with the longest leg

You decide to close all of your positions in MT4, starting with the 2 lot long AUD/USD position.

Once closed, the MT4 platform will display realized profits/losses on that 2 lot position. The fxTrade platform will then simultaneously close your net position of 100,000 units long AUD/USD (realizing all profits/losses) while opening a new position of 100,000 units short AUD/USD. All profits/losses from the 100,000 unit long position will be realized, while new profits/losses from the 100,000 unit short position will remain unrealized.

Both MT4 and fxTrade will then display the same remaining position for 1 lot/100,000 units short AUD/USD, with 1 lot/100,000 units of Margin Used.

Closing your remaining position

You then decide to close your sole remaining 1 lot position short AUD/USD.

Once closed, both the MT4 and fxTrade platform will realize all profits/losses, and Margin Used will reset to 0.

Example 6 – Special Handling of Large Transactions - Margin Closeout Causing Large Sell Transaction
You have a long position of 40,000,000 USD/SEK, and a downward move in the USD/SEK price causes a Margin Closeout of the position. At the time of the Margin Closeout, the USD/SEK price on OANDA fxTrade is 8.54248/8.54652. Your position is sold at the Bid price, which is 8.54248.

After the Transaction is executed, OANDA hedges the Transaction (the subject of the Margin Closeout) by executing the following Transactions with its Hedge Counterparty:

Sell 30,000,000 USD/SEK at 8.54208
Sell 10,000,000 USD/SEK at 8.54244

Note: The Contract Value is specified as a negative value when it is a sell Transaction.

The volume-weighted cost of the hedge transactions is:
((−30,000,000 × 8.54208) + (−10,000,000 × 8.54244)) ÷ (−30,000,000 + −10,000,000)) = 8.54217

The price difference is calculated as the difference between 1.0-pip in excess of the volume-weighted cost and the executed price. The price difference is denoted in the second currency of the currency pair, which is SEK for USD/SEK.

Price difference = (volume-weighted cost – 0.0001) - executed price
= (8.54217 - 0.0001) - 8.54248 = -0.00041 SEK

Note that the 1.0-pip is deducted from the volume-weighted cost because the Margin Closeout is a sell Transaction, and 1.0-pip on USD/SEK equals 0.0001 SEK.

The special handling debit is calculated by multiplying the price difference by the Contract Value.

Special handling debit = price difference × Contract Value
= -0.00041 SEK × -40,000,000
= 16,400 SEK or equivalent to USD1,918.91.

A special handling debit of 16,400 SEK or USD1,918.91 is debited from your Account.

Example 7 – Special Handling of Large Transactions - Margin Closeout Causing Large Buy Transaction

You have a short position of 125,000,000 EUR/USD, and an upward move in the EUR/USD price causes a Margin Closeout of the position. At the time of the Margin Closeout, the EUR/USD price on OANDA fxTrade is 1.09346/1.09355. Your position is bought at the Ask price, which is 1.09355.

After the Transaction is executed, OANDA hedges the Transaction (the subject of the Margin Closeout) by executing the following Transaction with its Hedge Counterparty:

Buy 60,000,000 EUR/USD at 1.09340
Buy 40,000,000 EUR/USD at 1.09345
Buy 25,000,000 EUR/USD at 1.09347

Note: The Contract Value is specified as a positive value when it is a buy Transaction.

The volume-weighted cost of the hedge Transaction is:
((60,000,000 × 1.09340) + (40,000,000 × 1.09345) + (25,000,000 × 1.09347) ÷ (60,000,000 + 40,000,000 + 25,000,000)) = 1.09343

The price difference is calculated as the difference between 1.0-pip in excess of the volume-weighted cost and the executed price. The price difference is denoted in the second currency of the currency pair, which is USD for EUR/USD.

Price Difference = (volume-weighted cost + 0.0001) - executed price
= (1.09343 + 0.0001) - 1.09355 = -0.00002 USD

Note that the 1.0-pip is added to the volume-weighted cost because the Margin Closeout is a buy Transaction, and 1.0-pip on EUR/USD equals 0.0001 USD.

The special handling credit is calculated by multiplying the price difference by the Contract Value.

Special handling credit = price difference × Contract Value
= -0.00002 USD × 125,000,000
= -2,500 USD

A special handling credit of USD2,500 is credited to your Account.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by **not** taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Account or the time value of money. OANDA charges, and credits, interest which is calculated per second. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to Trading Conditions prior to trading.
5. You are reminded that OANDA may set a lower Margin Closeout Level and so you should also not assume that OANDA will apply an automatic Close Out if its internal Margin Closeout Level is exceeded. You should decide your own exit levels and monitor your positions.
6. OANDA does not guarantee that you will avoid losses or that your Orders can be implemented in every scenario.

Section 6 – General Information

6.1 Accounts Denominated in Foreign Currency

Your Account and each Account will be denominated in Australian dollars or any other currency permitted by OANDA from time to time.

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

The foreign currency conversions can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. This will immediately impact on the margining of your Account, so you must be careful to understand and to monitor the effect of trading in products denominated in foreign currencies.

Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by OANDA.

6.2 Discretions

OANDA has discretions under the Account Terms which can affect your Orders and positions. You do not have any power to direct how we exercise our discretions.

When exercising our discretions we will comply with our legal obligations as the holder of an Australian Financial Services Licence. We will have regard to our policies and to managing all risks (including but not limited to financial, credit and legal risks) for ourselves and all of our Clients, our obligations to our counterparties, market conditions and our reputation. We will try to act reasonably in exercising our discretions but we are not obliged to act in your best interests or to avoid or minimise a loss in your Account.

Our significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits we impose on your Account or your trading;
- determining Margin requirements, especially the amount of Initial Margin, minimum Margin requirements, the time to meet any changed Margin Cover;
- determining values of Underlying Securities (for opening and closing positions and for determining Margin);
- setting Bid prices and Ask prices; and
- Closing your positions and setting the Closing Value.

You should consider the significant risks that arise from OANDA exercising its discretions – see Section 4.

Our other discretions include:

- setting our fees and interest rates;
- adjusting our positions for adjustments made by the market to the Underlying Security;
- setting foreign exchange conversion rates;
- opening and closing your Account;
- giving you a grace period for full compliance in paying by cleared funds any amount you owe; and
- interpretation, variation and application of our policies.

Please note that while we have discretions, the Trading Conditions typically are set or applied for automatic outcomes, such as Closing Out all of your Open Positions if you do not maintain the minimum Margin Cover.

6.3 Policies

OANDA has a number of policies that can affect your investments. The policies are guidelines that OANDA (including all of its staff) is expected to follow but policies are not part of the Account Terms and do not give you additional legal rights or powers.

We may change our policies at any time without notice to you. We may amend, withdraw, replace or add to our policies at any time without notice to you. Our policies may help you understand how we operate but all of the important information is set out in or referred to in this PDS so you should only rely on this PDS and not on the policies.

Our key policies relevant to our products currently are:

- client suitability policy;
- client moneys policy;
- conflicts of interests management policy; and
- hedging policy.

Our key policies are available by contacting us and we will send you a copy of the requested policy free of charge.

6.4 Anti-Money Laundering Laws

OANDA is subject to anti-money laundering and counter-terrorism financing laws (**AML laws**) that can affect the contracts. If your Account is established, OANDA may disclose your personal information or stop transactions on your Account for the purposes of the AML laws or under OANDA's AML laws procedures, without liability to you for any loss that arises due to that occurring.

6.5 ASIC Guides

ASIC has released a guide: *RG 227 Over-the-counter contracts for difference: Improving disclosure for retail investors*. ASIC has also released a guide for investing in contracts for differences: *Thinking of trading contracts for difference (CFDs)?*

ASIC has stated that it will release further guides to disclosure about OTC financial products and counterparty risk. Potential investors are encouraged to contact ASIC or to visit the ASIC website (www.asic.gov.au) for any information released by ASIC on these and other important features and risks of dealing in the contracts.

6.6 About OANDA

OANDA is an Australian incorporated company, structured to provide financial services in OTC derivatives to retail and wholesale clients.

We take pride in our company and the products we offer. Our success has been in our ability to offer our valued Clients unrivalled technology and execution based trading in OTC derivatives. Honesty, transparency and integrity underpin our history, our vision and our future, with our Client's trading success front of mind in everything we do.

Further information about OANDA is available on its website at **www.oanda.com**. OANDA will provide on request free of charge a copy of its most recently available audited financial reports.

6.7 Applications

You apply for an Account by completing an application form available online or by contacting OANDA directly.

Individual contracts are made by using an online trading platform.

Accounts can be funded by credit card, debit card, electronic transfer, PayPal® and BPAY®. **Please note that OANDA does not accept cheques or cash deposits.** Further details are available by contacting OANDA.

Please be reminded that funding your Account by credit card has additional risks and costs for you. By using these payment methods you effectively would be doubling your leverage by taking credit from your credit card account and trading with leverage on your Account. This can add to the risks and volatility of your positions as well as potentially higher interest costs on your credit card account.

If you lose on your investments, you might not have other financial resources to repay your credit card account, incurring higher interest costs and possibly defaulting on your credit card terms.

Although OANDA accepts payments of more than $1,000 from credit card accounts to fund your Account and to meet later Margin payments, please carefully consider whether this payment method is suitable for your trading and limit it to what you can afford.

6.8 Taxation Implications

The following information should be regarded as general information only and is based on Australian tax laws as at the date of this PDS.

Our products will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products.

The following summary assumes that the Client will hold the contract on revenue account, i.e., the Client will be carrying on a business of either trading or investing in these types of financial products or the Client will enter into the financial products for profit making purposes (or both). This summary does not consider the taxation position if you enter into the financial products detailed in this PDS for the purposes of hedging risks associated with other investments held by the Client on capital account.

If you are entering into a contract for the purposes of hedging, then the taxation consequences will depend on the nature of the underlying transaction or the asset or liability which is being hedged. It is recommended that you obtain your own professional taxation advice for this scenario.

The Australian Taxation Office (**ATO**) Taxation Ruling 2005/15 describes the income tax and capital gains tax implications of trading in contracts for differences. A summary of ATO Taxation Ruling is available at:

www.law.ato.gov.au/atolaw/view.htm?docid=TXR/TR200515/NAT/ATO/00001

The ATO Taxation Ruling 2005/15 does not specifically refer to FX Contracts however, it may be implied that since CFDs with an Underlying Security as an FX Contract have similar legal characteristics as a CFD, guidance could be taken from this taxation ruling. However, we still advise that Clients seek their own independent tax advice in relation to the taxation implications of entering into FX Contracts.

Profits and losses on our contracts

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

When calculating the amount of profit or loss, you need to consider the difference between the Closing Value and the Contract Value on commencement of the position and any fees on Open Positions paid or received by you.

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

Interest

If you receive any Interest on your Account, it is likely to be treated as assessable income for Australian tax purposes at the time that it is credited to the Account. If you do not provide your TFN (or ABN if applicable) or proof of exemption, OANDA may be required to withhold tax from any interest payment at the highest marginal rate (possibly plus any levy). See below information on "Tax file number withholding rules".

Capital gains tax

It is our understanding that a contract for difference and a FX Contract will be classified as capital gains tax assets under the Income Tax Assessment Act 1997 (Commonwealth) (**ITAA**). Your dealing in the contracts will have capital gains tax implications for you. In calculating any capital gain or loss in respect of your dealing in our contracts, it is our understanding that you are entitled to take into consideration the cost of acquiring, holding and disposing of the contract.

Tax file number withholding rules

The tax file number withholding rules only apply to those investments as set out in income tax legislation. OANDA's current understanding is that those withholding rules do not apply to its financial products; however, if it is later determined to apply and you have not provided OANDA with your tax file number or an exemption category, OANDA may be obliged to withhold interest payments, if any, at the highest margin tax rate and remit that amount to the ATO.

Other fees, charges or commissions

If the position gives rise to gains that are assessable or losses that are deductible, any fees other than charges or commissions ordinarily should be available as a deduction at the time they are paid by the investor and debited against their Account.

Goods and Services Tax

According to the ATO GST Determination GSTD2005/3, the provision, acquisition or disposal of a contract for difference and a FX Contract is a financial supply under the provisions of the A New Tax System (Goods and Services) Tax 1999 and related regulations and is input taxed, with no GST imposed.

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of positions are not subject to goods and service tax for Australian residents. However Clients should seek their own independent advice.

6.9 Cooling Off

There is no cooling off arrangement for our offering. This means that you do not have the right to return any OANDA OTC contract acquired, nor request a refund of the money paid to acquire the contract. If you change your mind after entering into a contract with OANDA, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

6.10 Ethical Considerations

Our OANDA OTC contracts do not have an investment component.

Labour standards or environmental, social or ethical considerations are not taken into account by OANDA when making, holding, varying or Closing Out the contracts.

6.11 Jurisdictions

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws.

OANDA's operations are governed by the laws of Australia.

6.12 OANDA Insurance

OANDA has a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits arising from dealing with a Hedge Counterparty or if there is fraudulent activity by one of OANDA's employees, directors or authorised representatives that results in your money being used in fraudulent activities.

If the insurance policy is insufficient or the insurer fails to perform its obligations, OANDA may not be able to make the payments it owes to you.

6.13 Dispute Resolution

OANDA is committed to providing our clients with outstanding service. However if you have a complaint about the financial product or service provided to you, please raise the issue with us by taking the following steps:

1. Contact our OANDA Client Experience Team and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.

2. If your complaint is not satisfactorily resolved through your adviser, within two Business Days of receipt of your complaint, please put your complaint in writing and send it to the Compliance Department at:

   OANDA Australia Pty Ltd

   Suite 4303, Floor 43

   225 George Street, The Rocks

   Sydney NSW 2000

   or by email at:

   auscompliance@oanda.com

   OANDA will make every effort to try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within two Business Days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 45 days of receipt of your written complaint.

3. If you are not satisfied with the final response provided by our Compliance Department, you have the right to complain to the Financial Ombudsman Service Ltd (**FOS**), if your complaint is within its rules. FOS is an external dispute resolution scheme. The contact details for FOS are:

   Financial Ombudsman Service Limited
   G.P.O. Box 3
   Melbourne VIC 3001
   Telephone: 1300 780 808
   Website: www.fos.org.au

Please note that we will need to respond to your complaint prior to FOS initiating any investigation into your complaint.

OANDA is a member of the FOS complaints resolution scheme (No. 28370). The service provided to you by FOS is free of charge.

The Australian Securities and Investments Commission (**ASIC**) also has an Info line on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

6.14 Privacy

All of the information collected by OANDA, in the application form or otherwise, is used for the purpose of providing you with the financial products and services, maintaining your Account, and for the purpose of assessing whether you would be suitable as a Client.

OANDA has obligations under, and has procedures in place to ensure its compliance with the Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Commonwealth), as amended from time to time (**Privacy Act**) and to be bound by the Australian Privacy Principles.

Significantly, these include the following:

6.14.1 Collecting personal information

In collecting personal information, OANDA is required:

- to collect only information which is necessary for the purpose described above;
- to ensure that collection of the information is by fair and lawful means; and
- to take reasonable steps to make you, the individual, aware of why the information is being collected and that you may access the information held by us.

If necessary, OANDA may also collect information on directors and shareholders of a corporate client or agents or representatives of the Client. OANDA may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

OANDA may take steps to verify information given to it, in accordance with relevant laws, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although OANDA may disclose this information to its related bodies corporate or agents in the ordinary course of OANDA providing you with its products and services.

6.14.2 Using the personal information

Once OANDA has collected the information from you, OANDA will only use the information for the purposes described above unless you consent otherwise.

Personal information may be disclosed to:

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

This information will not be disclosed to any other person without your consent.

You may access your personal information held by OANDA (subject to permitted exceptions), by contacting OANDA.

As OANDA is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any of the information provided in this section changes.

6.14.3 Retaining personal information

OANDA takes reasonable steps to maintain secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure.

6.14.4 Privacy Complaints

Any concerns you may have regarding OANDA's privacy practices or specific complaints about how personal information has been collected, used or disclosed should be forwarded in writing to OANDA's Privacy Officer. OANDA will thoroughly investigate the complaint and will take whatever actions are warranted and will then notify you once this has been done.

If you have a concern or complaint that our actions have breached the Privacy Act or the Australian Privacy Principles you can contact us by phone on: 13000 OANDA (62632) or write to us at:

The Privacy Officer
OANDA Australia Pty Ltd

Suite 4303, Floor 43

225 George Street, The Rocks

Sydney NSW 2000
Email: auscompliance@oanda.com

If you are not satisfied with our response you can call the Privacy Commissioner's hotline on 1300 363 992.

Section 7 – Glossary

ABN means Australian Business Number.

Account means your account with OANDA established under the Account Terms, including all Transactions recorded in them, for using the Electronic Trading Platform.

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

Account Value means the current value of your Account which is calculated by OANDA by combining:

- the equivalent balance of your Account in the OANDA client moneys trust account;
- the Realised/Unrealised Losses and Realised/Unrealised Profits;
- indicative costs to Close (fees, Finance Charges); and
- the values of Transactions not yet booked.

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

Ask means the price which OANDA as the seller is willing to accept i.e., the price at which you can buy the contract. This is also known as the "offer price".

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

ATO means the Australian Taxation Office.

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

Balance means the funds available in an Account that may be used for trading the contracts.

Base Currency is the first currency quoted in a currency pair, for example in the quote AUD/USD, the AUD is the Base Currency.

Bid means the price which OANDA as the buyer is willing to accept i.e., the price at which you can sell the contract.

Business Day means a weekday which is not a gazetted public holiday in Sydney.

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

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

Closing Value means the value determined by OANDA by multiplying the number of your contract by the price (or, if an index, the level) of the contract.

Commodity Transaction means a transaction to buy or sell a specific quantity of a described commodity or to make a payment calculated by reference to changes in the level of an index or interest rate, at an agreed date in the future.

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

Corporations Act means the Corporations Act 2001 (Commonwealth).

Electronic Trading Platform means any of the online trading platforms provided by OANDA, however they are delivered for accessing your Account and placing Orders.

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

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the Account Terms. This is sometimes referred to as "interest charge" in this PDS and on the Electronic Trading Platform.

Finance Credit means a payment (or credit) to you by OANDA in respect of your Transaction, in accordance with the Account Terms. This is sometimes referred to as "interest credit" in this PDS and on the Electronic Trading Platform.

FX Contract means an OTC contract which is a foreign exchange contract.

Hedge Counterparty means a person with whom OANDA enters into a hedge contract to hedge OANDA's exposure to Client positions.

Initial Margin means the amount which you are required to pay to OANDA as the initial Margin to open a position.

Inactivity fee means a charge to your account, calculated in accordance with Section 5.4 of the PDS.

JPY means the lawful currency of Japan.

Legacy Trading Engine means the historic trading engine used in accounts opened prior to 22nd October 2015

Leverage Ratio means the ratio set by OANDA which enables the Client to open a Transaction with an exposure referable to that ratio.

Margin means the amount of cash or other assets paid to OANDA and credited to your Account as Margin.

Margin call- A demand for additional funds made to the client by OANDA to meet any additional margin requirement.

Margin Closeout means an automatic Close Out of Open Positions which occurs when the Account Value falls to a level that does not meet the Margin Cover.

Margin Closeout Level means the level at which there will be an automatic Close Out of all of your Open Positions which occurs when the Account Value falls to a level that does not meet the Margin Cover.

Margin Cover means the minimum amount of Margin required to be maintained in your Account before the Account Value reaches the Margin Closeout Level.

OANDA means OANDA Australia Pty Limited ACN 152 088 349; AFSL 412981.

OANDA CFD means an OTC contract, known as a "contract for difference" issued by OANDA for the parties to pay in cash the difference in prices/index level of securities on the terms of the Account Terms.

OANDA client moneys trust account means the bank account (or any one of several of them) maintained by OANDA as a trust account under section 981B of the Corporations Act. The moneys held in it beneficially for you are credited to your Account.

OANDA Commodity CFD means an OANDA CFD (issued by OANDA) whose Underlying Security is a Commodity Transaction.

OANDA fxTrade means the electronic trading platform made available by OANDA to enable the Client to deal in OANDA CFDs and OANDA FX Contracts.

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

OANDA MT4 means the Meta Trader 4 electronic trading platform made available and re-branded by OANDA to enable the Client to deal in the contracts. Meta Trader 4 is provided by MetaQuotes Software Corp, a company located in Nassau, Bahamas.

OANDA Treasury CFD means an OANDA CFD whose Underlying Security is a bond or similar fixed income securities issued by a government, government entity, a bank or other entity.

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

Order means any instruction provided by you to enter into a Transaction or to Close Out a Transaction.

OTC means over-the-counter (in contrast with exchange traded).

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

Realised/Unrealised Loss means:

(a) (**realised loss**) – the amount by which the value of an Open Position on Close Out is less than the value of the Open Position when the Open Position was last valued or if the Open Position has never been valued previously, it is the value when the position was opened; and
(b) (**unrealised loss**) – the amount by which the value of an Open Position (not on Close Out) is less than the value of the Open Position when it was last valued or if the Open Position has never been valued previously, it is the value when the position was opened.

Realised/Unrealised Profit means:

(a) (**realised profit**) – the amount by which the value of an Open Position on Close Out is more than the value of the Open Position when the Open Position was last valued or if the Open Position has never been valued previously, the value when the position was opened; and

(b) (**unrealised profit**) – the amount by which the value of an Open Position (not on Close Out) is more than the value of the Open Position when it was last valued or if the Open Position has never been valued previously, the value when the position was opened.

SEK means Swedish krona or the lawful currency of Sweden.

Term Currency is the second currency quoted in a currency pair, for example for the quote AUD/USD, the Term Currency is the USD.

TFN means tax file number.

Trading Conditions means the operating rules and conditions for your trading on the Electronic Trading Platform from time to time.

Transaction means any of the kinds of contracts which are traded under the Account Terms.

Underlying Index means the Underlying Security which is an index when it is used as the basis for the calculations of prices for the OANDA Index Contract.

Underlying Security means the instrument which is used as the basis for the calculations of prices for your contracts.

USD or **US dollars** means United States dollar or the lawful currency of the United States of America.

V20 Trading Engine means the new evolution of OANDA's trading engine available from the 22nd of October 2015. All new accounts and sub accounts from this date will utilise the v20 Trading Engine.

Withdrawable Funds means the amount of cash which may be paid to you from the Account if requested. There are Withdrawable Funds only if you have excess Margin Cover. The amount of the Withdrawable Funds is the lesser of the Balance of your Account and the Margin Cover.