



Product Disclosure Statement (“PDS”)

Last Updated: September 1st, 2010

Product Disclosure Statement

****IMPORTANT INFORMATION AND DISCLAIMER**

General Information

IBFX Australia Pty Ltd ACN 142 210 179 ("IBFX", "we", "us" and "our") is a provider of online foreign exchange contracts ("FX Contracts") to enable our clients to buy and sell FX Contracts. IBFX is the issuer of this PDS which includes important information about

the FX Contracts we may provide to you, including information regarding the significant benefits, significant risks, costs and significant characteristics, features, rights, terms, conditions and trading obligations of FX Contracts. IBFX holds an Australian Financial Service ("AFS") Licence (number 363972), issued by the Australian Securities and Investments Commission.

Contact Information

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Warning

FX Contracts are speculative investments, the leveraged nature of which represents a significant risk to your capital. You should read and carefully consider this PDS before deciding to invest in FX Contracts. If you have not had experience of investing in FX Contracts, foreign exchange contracts or leveraged products then these products may not be appropriate for you.

Reliance on PDS only

No person is authorised by us to give any information or to make any representation in connection with the offer of FX Contracts that is not contained in this PDS, our Financial Services Guide ("FSG"), Terms of Business or Updated Information provided by us. Any information or representation so contained cannot be relied upon as having been authorised by us.

IBFX solely responsible for PDS

The issue of this PDS is authorised solely by us and none of our related bodies corporate are responsible for any statement or information contained in this PDS.

PDS to be provided in entirety

If you are printing an electronic copy of this PDS, you must print all pages. If you make this PDS available to another person, you must give them the entire electronic file or print out. A paper copy of this PDS (and supplementary PDS) can also be obtained free of charge on request by contacting us on (02) 9037 0127.

Jurisdiction

The offer made in this PDS is available to persons receiving this PDS within Australia. The distribution of this PDS may be restricted in certain jurisdictions outside Australia. Should you gain access to this PDS in a jurisdiction outside Australia, you should observe any restrictions which apply in that jurisdiction to accessing the PDS or trading FX Contracts. This PDS does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

If you are a person receiving this PDS outside of Australia intending to deal with IBFX, you should note:

- the law governing your dealings with IBFX is the law of Queensland, Australia;
- the money which you deposit with IBFX is regulated by the Corporations Act; and
- we may require you to confirm your status as a person in your jurisdiction who we are eligible to deal with.

Further, it may be illegal in the jurisdiction in which you are located to trade FX Contracts via the internet. If this is the case, you are not authorised to make any online payments to IBFX. It is your responsibility at all times to check the national laws and regulations of your country of domicile. Additionally, persons who are minors under the age of 18 are not permitted to trade with IBFX.

General information only

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation or needs. You should read this PDS carefully, assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision.

Use of examples in this PDS

The examples set out in this PDS and those on our website are provided for illustrative purposes only. The examples use figures which attempt to demonstrate how IBFX's FX Contracts work. The examples are not representations or guarantees of the

performance of any particular FX Contract or of any profit or loss you may incur in trading in FX Contracts. Further, the examples do not necessarily reflect the manner in which we may exercise our powers or discretions.

Currency

All references in this PDS to "\$" are references to Australian dollars unless stated otherwise.

Consult your adviser

You should obtain independent financial, legal, taxation and other professional advice concerning this PDS, the Terms of Business and the FSG prior to trading in FX Contracts offered by IBFX.

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PDS SUMMARY

This summary outlines some key questions that are explained in this PDS. However, you should ensure that you read and understand this PDS in its entirety before investing in FX Contracts.

<u>Issue</u>	<u>Summary</u>	<u>For more information see:</u>
Who is the Issuer of this Product?	The issuer of this PDS is IBFX Australia Pty Ltd ACN 142 210 179 ("IBFX", "us", "we" and "our"), an Australian financial services company that is authorised to provide financial services in foreign exchange products to retail and wholesale clients. IBFX, via its AFS Licence (Licence #363972), is authorised to conduct financial business in Australia to dealing in, making a market in, and providing general financial product advice in respect of foreign exchange contracts and	Important Information and Disclaimer
	derivatives.	
What is an FX Contract?	An FX Contract is essentially a contract under which the parties agree to exchange, upon the closing or settlement of the contract, the cash difference between the opening price and the closing price of an underlying currency. The FX Contracts we offer are over- the-counter financial products that give the holder exposure to the underlying currency. FX Contracts allow investors to participate in the returns from movements in an underlying currency, without the need to	Section 1
	physically own it.	
What are the costs involved with FX Contracts?	IBFX receives, via its US affiliate, live buy and sell price quote feeds from various major money center liquidity providers. From these feeds, IBFX chooses the best buy and sell quotes and adds a small markup to the spread. These marked-up buy and sell quotes are then streamed to the customer's MT4 Trading Platform.	Section 2
What fees and charges may be payable?	IBFX incorporates a small markup in the bid/ask spread offered to customers as the price at which they can buy or sell a currency pair. You may also be charged a rollover fee, administration charges, conversion fees and wire fees. IBFX may also pay commissions or rebates to an Introducing Advisor who introduces you to IBFX..	Section 5
What are the risks involved in trading Forex Contracts?	As with all leveraged investments, trading in FX Contracts is risky and is not appropriate for everyone. There are a number of types of risk that you should be aware of before beginning to trade, including the possibility of losing more money than you invest. Some of these types of risk include:	Section 4

- **Market Risk**
 - **Prices/Rates**
 - **Regulatory Risk**
 - **Counterparty Risk**
 - **Leverage Risk**
 - **Systems Risk**
 - **Execution Risk**
-

What are the benefits of investing in FX Contracts with IBFX?

Benefits of investing in FX Contracts with IBFX include low spreads, fast execution and flexible contract sizes.

Section 3

What is the Margin Policy?	Margin is the amount of money that must be maintained in your account to ensure that you have enough funds to cover against losses on all of your open contracts at any one time. Per IBFX's policies, customers must maintain at least 100% of the total initial margin	Section 2
requirements for all open positions.		
How do I open an account with IBFX?	Prior to opening an account with IBFX you should ensure that you have read this PDS, FSG, and the IBFX Terms of Business and understand the products offered through this PDS. After doing this, if you are satisfied that trading in FX Contracts is appropriate for you, you can open an account by completing the application form available via our website www.ibfx.com.au.	Section 1
How do I trade with IBFX?	You may trade with IBFX through IBFX's licensed electronic trading platform known as MetaTrader 4 ("MT4") or by calling IBFX via any of the telephone numbers listed in this document.	Section 1
How can I contact IBFX?	<p>You can contact us:</p> <ul style="list-style-type: none"> • by telephone at (02) 9037 0127, 24 hours a day from Monday 7.30am AEST to Saturday 7.00am AEST; • by email at help@ibfx.com.au; • by fax at (02) 2884 0609; • by mail at Level 10, 68 Pitt Street, Sydney, NSW 2000; and • through our website at www.ibfx.com.au. 	Important information and disclaimer

SECTION 1: About FX Contracts

What is an FX Contract?

An FX Contract is essentially a contract under which the parties agree to exchange, upon the closing settlement of the contract, the cash difference between the opening price and the closing price of an underlying currency. FX Contracts allow investors to participate in the returns from movements in an underlying currency, without the need to physically own it.

What FX Contracts are offered by IBFX?

IBFX offers over-the-counter ("OTC") margin FX trading whereby you may buy or sell specific currency pairs at prices displayed on IBFX's licensed trading platform, MetaTrader 4 ("MT4"). Key features of FX Contracts offered by IBFX include:

- FX Contracts are non deliverable and automatically roll over at the end of each day until the position is closed;
- FX Contracts are traded between you and IBFX and are not traded on any exchange; and
- FX Contracts are non transferrable so that an FX Contract bought from IBFX cannot be sold to another broker, trader or market maker.

What trading platform is offered by IBFX?

IBFX provides trading services to its customers via the MetaTrader 4 ("MT4") Trading Platform. IBFX has a licence from MetaQuotes enabling us to provide the MT4 Trading Platform to our customers.

How do I commence trading FX Contracts with IBFX?

In order to trade FX Contracts with IBFX you must open an account. Before starting the account opening process, you must read:

- Terms of Business;
- this PDS; and
- our FSG.

The documents are available on IBFX's website or can be obtained by contacting us.

After reviewing these documents, you must complete an Application Forms and we approved by us. Once approved, you will have an account and can commence trading FX Contracts.

The Application Form requires you to disclose personal information. You should refer to the Privacy Policy later in this document which explains how IBFX collects personal information and then maintains, uses, and discloses that information.

What are the Terms of Business?

The Terms of Business governs the contractual relationship between IBFX and the client (including but not limited to the consequences of events of default). The Terms of Business sets out the basis on which transactions will take place and the obligations of both IBFX and the client when accessing and trading on the MT4 Trading Platform.

However, entering into the Terms of Business does not itself constitute a trade or in any way oblige you to enter into future transactions. This is always your decision. You must confirm via the application process that you accept the Terms of Business before you can enter into transactions with us. IBFX's Terms of Business is incorporated by reference in to this PDS and is available on our website at www.ibfx.com.au/Content/Forms/AU/ClientTradingTerms.pdf. A paper copy is available free of charge on request by contacting us.

SECTION 2: Trading FX Contracts with IBFX

What account types are offered by IBFX?

We offer both Mini and Standard account types through our MT4 Trading Platform. The MT4 Trading Platform is a third party software that we are licensed to use and offer to clients. We do not warrant its error free functionality.

Our Mini and Standard account types differ in the lot size, with a mini lot essentially 10% of the value of a standard lot, but are otherwise subject to the same requirements. Further details of the features of our Mini and Standard accounts are set out below.

Account Types Offered on MT4:

Mini:

Platform:	Standard Lot Size:	Minimum Trade Size:	Minimum Margin Required	Minimum Deposit Required*:	Maximum Trade Size:	Currency Pairs Offered:
MT4	10,000 base currency (10k)	.1 Standard Lot	.25%	\$250	50 Standard Lots	See Below

Standard:

Platform:	Standard Lot Size:	Minimum Trade Size:	Minimum Margin Required	Minimum Deposit Required*:	Maximum Trade Size:	Currency Pairs Offered:
MT4	100,000 base currency (100k)	.1 Standard Lot	.25%	\$250	50 Standard Lots	See Below

*\$250 initial deposit required.

What currencies are accounts available in?

IBFX offers account denominations in United States Dollar and Australian Dollar.

How do I open and close an FX Contract?

Opening an FX Contract

A position is opened by either buying (going long) or selling (going short) an FX Contract .

- Buying: If you expect an instrument to rise in value, you buy.
- Selling: If you expect an instrument to fall in value, you sell.

Example:

If the current exchange rate for the Euro against the US dollar is quoted to be EUR\USD 1.3000, this means that one Euro is equal to 1.3000 US dollars (i.e. \$1.30 US dollars).

A foreign exchange quote: e.g. EUR\USD 1.3000\1.3002 represents the Bid\Offer spread (in this case for EUR\USD). This quote means that you can:

- Buy (going long) Euros at 1.3002 against the US dollar; and/or
- Sell (going short) Euros at 1.3000 against the US dollar

Closing an FX Contract

You close an FX Contract by right clicking on the position and selecting "Close Trade" within the MT4 Trading Platform.

What Currency Pairs are offered by IBFX?

IBFX's MT4 Trading Platform, for both account types (Mini and Standard), offers FX Contracts in the following currency pairs:

EUR/US	GBP/JP	AUD/CA	AUD/NZD	NZD/CHF
USD/JP	USD/CA	AUD/JPY	AUD/CH	NZD/JPY
GBP/US	NZD/US	GBP/CH	EUR/NZD	GBP/NZD
USD/CH	EUR/GB	EUR/AU	USD/SGD	USD/ZAR
EUR/CH	EUR/JP	EUR/CA	EUR/DKK	
AUD/US	CH	CAD/JP	GBP/CAD	

Should any changes be made to this list, such will be available on the IBFX MT4 Trading Platform, accessible through our website www.ibfxcom.au.

How is the price of an FX Contract determined?

IBFX receives, via its US affiliate, live buy and sell price quote feeds from various major money center liquidity providers. From these feeds, IBFX chooses the best buy and sell quotes and adds a small markup to the spread, which represents the price at which you can buy or sell the applicable currency pair. This mark up represents a fee payable to

us (refer to the paragraph headed 'Spread' in section 5 for further information). Prices are displayed on our website, usually executable, represent the spot price and therefore may be constantly changing as pricing is updated.

What margin requirements apply?

Margin refers to the minimum amount that you must have in your account to enter into an FX Contract with IBFX. IBFX requires its customers to have sufficient margin in their account to cover any losses which they might incur. As soon as this is no longer the case, IBFX will start the process of closing open positions automatically, using the prevailing market rates at the time of closing, in order to prevent the possibility of further losses.

An IBFX account will receive a Margin Call Warning when the equity value of the account becomes equal to or less than 125% of the margin in use (i.e. the margin required to initiate all open positions). A Margin Call Warning is intended to be a signal to customers that if positions are not manually closed, or if funds are not added to the account, the customer will be in risk of having open positions automatically liquidated (i.e. a Margin Call Liquidation).

Additionally, a customer who receives a Margin Call Warning will not be able to initiate new positions until the equity value of their account exceeds the 125% threshold of the margin in use. IBFX's trading platform issues Margin Call Warnings via a feature embedded in the trading platform which highlights the bottom account summary bar in the trade terminal window bright red. If a customer receives a Margin Call Warning from their trading platform, IBFX suggests that the customer proactively manage their account to avoid the automatic closing of the positions in their account (i.e. a Margin Call Liquidation).

IBFX executes Margin Call Liquidations, in an effort to protect both the company and the customer, if the customer's account equity value falls to the level of 100% of the margin in use. You are responsible for monitoring your account to ensure you are not in risk of a Margin Call Warning or a Margin Call Liquidation.

Please note: in a quickly moving market, or in the case of a weekend gap, there may be little time between warnings, or there may not be sufficient time to warn you at all.

When faced with a potential Margin Call Warning or Margin Call Liquidation, IBFX suggests that you take proactive measures to manage your account. For example:

- monitor the status of your account continuously;
- if necessary, close individual positions to reduce the amount of margin required;
- if necessary, transfer additional funds into your account. Note, however, that delays in fund transfers could cause the funds to arrive too late.

Margin Example:

Customer ABC has a standard account which currently has a balance of \$8,000 and is trading on 200:1 leverage. To open a 10 lot trade in the USD/JPY currency pair (10 lot = \$1,000,000) the customer needs to post margin of \$5,000. At the time of opening the trade, the customer would have an approximate equity value of \$8,000, of which \$5,000 would be considered used margin and \$3,000 would be

considered free margin or available margin. If the position subsequently moved against the customer in the amount of \$1,750, the customer's new equity value would be \$6,250, of which \$5,000 would be considered used margin and \$1,250 would be considered free margin or available margin.

At this time, in accordance with IBFX's margin policy, the customer would receive a Margin Call Warning because their account's equity value would be equal to or lesser than 125% of the required margin. If again the customer's position moved against them, this time in the amount of an additional \$1,250, the customer would receive a Margin Call Liquidation and their position would automatically be closed, leaving them with an equity value of \$5,000 and no open positions. The customer would receive the Margin Call Liquidation in this case because their account's equity value would be \$5,000 (i.e. 100% of the required margin).

What are pips?

In currency trading, price movements are measured in pips, as opposed to ticks which are used to measure price movements in many other financial instruments.

For all currency pairs except those for which JPY is the counter-currency (second currency), the place value of a pip is the fourth digit to the right of the decimal point.

Pip Example: A movement in the price of EUR/USD from 1.4780 to 1.4781 would be a change of 1 pip.

What are position rollovers?

IBFX will automatically rollover all open positions in your account to the following business day unless you notify us to close your position(s) prior to 7:00 am AEST. IBFX will charge you a fee in respect of each such position that is rolled over. Refer to the 'Rollover' heading in section 5 for further information about rollover fees.

Phone Dealing

Phone trading is available. To place a trade over the phone, customers should contact IBFX during market open hours with their account information available for verification.

24 Hour Trading Support

IBFX provides customer support via phone or live chat 24 hours a day during market hours.

SECTION 3: What are the key benefits of dealing in FX Contracts with IBFX?

The key benefits associated with trading in FX Contracts with IBFX include:

- low spreads;
- fast execution;
- multi-bank liquidity;
- automated execution;
- flexible contract sizes;
- free trading tools and information about trading FX Contracts on our website.

SECTION 4: What are the significant risks of dealing in FX Contracts with IBFX?

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

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

Management of Risk

IBFX has a risk management framework within the MT4 Trading Platform which, assuming you meet all of your obligations to us (as fully set out in the Terms of Business), attempts to limit your potential loss to the amount of money you have deposited in your account. However, at all times, if you have open positions with us your potential loss can be substantial and is not limited to any amount. **You may sustain losses in excess of the moneys you initially deposit.**

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

For example: If you buy the EUR/USD at 1.3001 and want the position to close automatically if it moves 100 pips against you, you would enter a stop-loss order into the Trading Platform at 1.2901. (If you are short, you would enter the stop-loss order above the current price i.e. 1.31001.)

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

- IBFX's offer price has reached the stop-loss order price in the case of a buy order, or IBFX's Bid price has reached the stop-loss order price in the case of a sell order; or
- The price offered by IBFX on the MT4 Trading Platform has traded at or through the level at which the stop-loss order was placed.

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

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

Market Risk

Market risk is the risk that the value of your positions will change as a result of a movement in the underlying market price.

For FX Contracts, you will suffer a loss if the underlying foreign exchange rate moves unfavourably. There is no guarantee or assurance that you will make profits, or not make losses, or that any unrealised profits or losses will remain unchanged. You should note that information about prices or rates may come from a number of sources and may not necessarily be current when provided to you. IBFX does not accept responsibility for this as it is impossible to guarantee prices based on a snap shot of your open positions until they are physically closed out and the price is determined.

Prices/Rates

Prices/rates quoted may not necessarily reflect the broader underlying market. IBFX will select closing prices to be used in marking to market the positions in client accounts. Although these prices can be expected to be reasonably related to those available on the interbank market, prices used may vary from those available through other participants in the markets.

Regulatory Risk

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

Counterparty Risk

As IBFX issues the FX Contracts, you are dealing with IBFX as the counterparty to every transaction. Thus, you are exposed to the financial and business risks, including credit risk, associated with dealing with IBFX. This is common to all OTC financial products.

You are reliant on IBFX's ability to meet its counterparty obligations to you to settle the relevant FX Contract. If IBFX were to become insolvent, then we may be unable to meet our obligations to you in full or at all. IBFX limits this exposure by generally entering into opposite back to back transactions with an IBFX affiliate (hedging counterparty) in relation to its exposures to its clients i.e. we hold back to back positions (with you as one counterparty and with a hedging counterparty as the other counterparty). It is possible that a hedging counterparty may become insolvent while controlling client money. Therefore, any funds paid by clients to IBFX may not be protected if there is a default in the overall client trust account. Refer to the paragraph titled Clients' Money in section 6 of this PDS for further information.

You should also refer to the section of the Terms of Business, where information about IBFX's conflicts of interest is discussed.

Leverage Risk

You should be aware that trading in leveraged instruments such as the FX Contracts offered by IBFX is one of the riskiest forms of investment available in the financial markets and may not be suitable for all

investors. In deciding whether or not you wish to become involved in dealing in FX Contracts with IBFX, you should be aware that:

FX Contracts are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investment products such as share trading and you could lose large amounts of money. You may sustain losses in excess of the Margin Requirement needed to establish and maintain an FX Contract with IBFX not directly related to trading activity.

FX Contract trading carries a high degree of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade FX Contracts you should carefully consider your investment objectives, level of experience and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment or even more in extreme circumstances (such as Gapping underlying markets) and therefore, you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with trading in FX Contracts and seek advice from an independent financial advisor if you have any doubts.

An example of leverage risk: An account with IBFX permits you to trade on a highly leveraged basis (up to approximately 400 times your account equity or as otherwise permitted by IBFX). An initial deposit of AUD\$200 may enable the trader to take a maximum position of AUD\$80,000 notional market value. In such a case, the funds in an account trading at maximum leverage can be completely lost, if the position(s) held in the account has more than a .25% percent swing in value. In fact, your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have deposited with us.

Given the possibility of losing an entire investment or more, speculation in financial markets should only be conducted with risk capital funds that if lost will not significantly affect your financial wellbeing. If you have pursued only conservative forms of investment in the past, you may wish to study financial markets trading further before commencing with an investment of this nature.

You must realize that you could sustain a total loss of all funds you deposit with us as initial margin as well as substantial amounts of additional capital, should the market go against your investment or Gapping occurs in the underlying market making it impossible to execute your stop-loss order (if placed).

If you wish to commence trading, you acknowledge that the funds you have committed are purely risk capital and loss of your investment will not jeopardize your style of living nor will it detract from your future retirement program. Additionally, you fully understand the nature and risks of trading FX Contracts and your obligations to others will not be impacted should you suffer investment or trading losses.

Systems Risk

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

Clients receiving a disruption on their trading platform must call an IBFX representative in order to open\close positions. In the event a disruption occurs on the IBFX side, you may be unable to trade in an

FX Contracts offered by IBFX when you wish and you may suffer a financial loss or opportunity loss as a result.

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

Execution Risk

Slippage

IBFX aims to provide you with the best pricing available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to what is referred to as "slippage". This most commonly occurs during fundamental news events or Gapping underlying markets.

The volatility in the market may create conditions where orders are difficult to execute, since the price might be many pips away due to the extreme market movement or Gapping. Execution is subject to available liquidity at any and all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity exhausted, in which instance your order would be filled at the next best price or the fair market value.

Delays in Execution

A delay in execution may occur for various reasons, such as technical issues with your internet connection to the IBFX servers, which may result in hanging orders. The MT4 Trading Platform on your computer may not be maintaining a constant connection with the IBFX servers due to a lack of signal strength from a wireless or dialup connection. A disturbance in the connection path can sometimes interrupt the signal, and disable the MT4 Trading Platform, causing delays in transmission of data between your trading platform and IBFX's servers.

Reject/Requote Orders

Market volatility creates conditions that make it difficult to execute orders at the given price due to an extremely high volume of orders and/or available liquidity and therefore may be reset. By the time orders are able to be executed, the Bid/Offer price at which IBFX (or its counterparty) is willing to take a position may be several pips away. For Limit Entry or Limit Orders, the order would be rejected and reset until the order can be filled.

Hanging Orders

During periods of high volume, hanging orders may occur. This is a condition where an order sits in the "orders" window after it has been executed. Generally, the order has been executed, but it is simply taking a few moments for it to be confirmed. During periods of heavy trading volume, it is possible that a queue of orders will form. That increase in incoming orders may sometimes create conditions where there is a delay in confirming certain orders.

Greyed Out Pricing

IBFX does not intentionally "Grey Out" prices. However, this is a condition that occurs when liquidity decreases, and market-makers that provide pricing to IBFX are not actively making a market for particular currency pairs. Clients will not be able execute trades on "Greyed Out" prices.

Hedging

The ability to hedge allows you to hold both buy and sell positions in the same product simultaneously. You have the ability to enter the market without choosing a particular direction. While the ability to hedge is an appealing feature, you should be aware of the factors that may affect hedged positions. It is important to note that even a fully hedged account may suffer losses due to rollover costs, exchange rate fluctuations or widening spreads. Such losses may even trigger a Margin Call.

Inverted Spreads

Unfortunately, online trading technology is not perfect and, in rare cases, this feed can be disrupted. This may only last for a moment, but when it does, Spreads can sometimes become inverted. The clients may not be able to trade on inverted IBFX Spread and IBFX reserves the right to reverse such trades.

Trading Platform Closed

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

Transactions are not Transferable

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

SECTION 5: Fees and charges

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

- Spreads;
- Rollover (or “Swap”);
- Commission and Rebates;
- Administration Charges;
- Conversion Fees.; and
- Wire Fees.

These fees and charges are explained in further detail below.

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

Spread

IBFX earns its income from the spreads that are embedded in the currency rates quoted on the MT4 Trading Platform. The spread is the difference between the bid and ask price for any currency pair. You will incur a mark-up within the spread that is variable and is dependent upon the currency pair, market conditions and prevailing market rates. A mark-up is incurred each time you buy or sell an FX Contract.

Spread example

If the bid/ask spread available to you on the GBP/USD is 1.5000/1.5005, it means you may sell the pair for 1.5000 or buy the pair at 1.5005. In this case, if the mark up was 2 pips, or 0.02%, the price that is actually executable by IBFX would be GBP/USD 1.5001/1.5004.

Rollover

You will be charged a “rollover” (also known as “swap” or “interest”) fee for holding positions during the market rollover time each day. The market rollover time each day will occur at 7:00am AEST. These fees vary from day to day. Banks and financial institutions charge and/or pay its customers a “rollover” fee each day for open positions held, and as such IBFX passes through this charge to its customers.

However, it is important to note that IBFX’s rollover rates may not be identical to the rates of its counterparties. IBFX may, and usually does, charge/pay a slightly marked-up rate to its customers.

Rollover Example:

When you buy the EUR/USD currency pair, you are essentially buying the Euro and selling the US Dollar. If the Euro interest rate is 4% and the US interest rate is 2%, you are buying the currency with the higher interest rate, and you will earn a rollover fee each night – about 2% annually. If you sell the EUR/USD currency pair, you are essentially selling the Euro and buying the US dollar and will conversely be charged a rollover fee each night – about 2% annually.

Commissions and Rebates

Commission: IBFX does not, under normal circumstances, charge customers any commission. However, some customers chose to engage with a third party Introducing Advisor who may be compensated for introducing a client to IBFX or managing a client per their specific request. In these circumstances, the customer would have to agree to such an arrangement. IBFX does not solicit for any third-party Introducing Advisors. The decision for a client to engage with a third-party Introducing Advisor is a decision of their own. IBFX will not charge any commissions without the client's express consent.

When a customer does have a relationship with an Introducing Advisor, the compensation charged/collected by the Introducing Advisor may be on a per trade basis in the form of a commission. These commissions are directly debited from the appropriate customer account, by IBFX, and paid to the Introducing Advisor. Commission charges are viewable in the customer's account statement at any given point in time.

Rebates: In addition to Introducing Advisors collecting commission from the customers whom agree to such an arrangement, IBFX may provide additional compensation, in the form of rebates, to Introducing Advisors who introduce customers to IBFX. IBFX may chose to compensate certain Introducing Advisors with a rebate, particularly ones who bring significant business to IBFX.

However, it is very important to understand that the rebate paid to Introducing Advisors is not deducted from the customer's account and is NOT built-in to the cost of the transaction (i.e. a wider spread) or a cost to the customer. If IBFX chooses to pay a rebate to a certain Introducing Advisor, there will be no resulting detrimental monetary effect to any customer.

Administration Charges

Where an account is dormant with no transactions for at least 1 year, and with an account balance of \$50 or less, you will be subject to a dormant account management fee. This fee will be equal to or the lesser of \$50 or the remaining balance in your account. Upon the imposition of this fee, your account will automatically be closed.

Administration charges are subject to change from time to time and are deducted from your account on or shortly following occurrence of the relevant event.

Conversion Fees

Deposits or Withdrawals: When depositing or withdrawing funds into your IBFX account, IBFX strongly encourages you to transact in the same currency as the base currency of your IBFX account. In the case that you deposit or withdraw funds in a currency different than the base currency of your IBFX

account, your bank will often convert your funds for a nominal charge. If IBFX is strained to perform a currency conversion on a deposit or withdrawal on your behalf, IBFX will perform the conversion at the prevailing rate shown on the IBFX trading platform at the time the transaction is completed plus a 3% premium.

Fund Transfers Between Trading Accounts With Different Base Currencies: When transferring funds between one trading account and another with different base currencies, IBFX will perform the conversion at the prevailing rate shown on the IBFX trading platform at the time the transaction is completed plus a 3% premium.

Wire Fees

IBFX does not charge a fee in order to setup your account or deposit funds. However, there are wire fees charged in association with making withdrawals from your account. Wire fee charges are shown below:

Currency	Wire Withdrawal Fees
USD Denominated Accounts	\$25.00
AUD Denominated Accounts	\$30.00

Credit Card Fees

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

GST and other taxes

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of services provided to you or any transaction made. Fees referred to in this PDS are generally exclusive of GST unless expressly stated.

SECTION 6: Additional information

Client Money

Any money that you deposit with IBFX will be segregated and held in a separate client trust account or accounts and may be invested in accordance with the Corporations Act and the Terms of Business.

The purpose of the trust account is to segregate our clients' money, including your money, from our own funds. However, individual client money is co-mingled with other client money into one or more segregated trust accounts. Trust accounts may not insulate your money from a default in the trust accounts.

Should there be a deficit in the trust accounts and in the unlikely event IBFX becomes insolvent, you will be an unsecured creditor in relation to the balance of the money owed to you. However, some protections are afforded to clients by the Corporations Act.

Protections afforded by the Corporations Act

The Corporations Act provides that in the event that IBFX loses its AFS Licence, becomes insolvent, merges with another AFS Licensee or ceases to carry on some or all of the activities authorized by the AFS Licence, client money held by IBFX, and client money invested, will be dealt with as follows.

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

- if money in the trust accounts is invested, the investment is likewise held in trust for each person entitled to money in the trust account; and
- money in the trust accounts is to be paid in the following order:
 - money that has been paid into the accounts in error;
 - payment to each person who is entitled to be paid money from the accounts;
- if the money in the accounts is not sufficient to be paid in accordance with the above, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
- if there is money remaining in the accounts after payments made in accordance with the above paragraphs, the remaining money is payable to IBFX.

Withdrawal of Money from your Account

You may withdraw money from your Account by instructing IBFX to process such a transaction and specifying your personal details, Account number, the amount you wish to withdraw and the method of payment. If you do not wish to close your Account, you will need to maintain a minimum balance of AUD \$50 or foreign currency equivalent.

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

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

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

Conflicts of interest

IBFX is a market maker, and not an arranger or broker. In entering into FX Contracts, you will be trading directly with IBFX and not on any financial market. IBFX acts as principal, and not agent, for its own benefit for all FX Contracts it enters with its customers.

For FX Contracts entered into with clients, IBFX generally enters into a corresponding position with its US affiliate, who in turn enters into a corresponding position with major money centre banks.

Dispute resolution

If you have a complaint about any aspect of your dealings with IBFX, please contact us:

- **By mail:**

Complaints Officer
IBFX Australia Pty Ltd
Level 10, 68 Pitt Street
SYDNEY NSW 2000

- **By email:**

help@ibfx.com.au

- **By fax:**
Complaints Officer
IBFX Australia Pty Ltd
1-800-727-036
- **By telephone:**
+61-290370125

We are a member of and participate in the Financial Ombudsmen Service Limited ("FOS"), an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved, you are entitled to make a complaint to FOS at:

Financial Ombudsmen Service Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1300 780 808
Fax: (03) 9613 6399

Taxation Considerations

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

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Privacy Policy

We consider protecting and safeguarding the privacy of our clients and website visitor's personal and financial information of the utmost importance. At IBFX, we respect each individual's right to privacy. The following policy demonstrates how we collect, maintain, use and protect the personal information we obtain from you.

References to "IBFX" in this Privacy Statement will include all IBFX companies and divisions.

Personal Information

When you apply for or maintain a live account with IBFX, we collect personal information about you for business purposes, such as confirming your identity, evaluating your financial needs, processing your requests and transactions, informing you about products and services that may be of interest to you, and providing customer service. Such information may include:

- Application information: Information you provide to us on applications and other forms, such as your name, address, birth date, government identification number, occupation, assets, and income and occupation;
- Transaction information: Information about your transactions with us. Examples include your account balances, trading activity, your inquiries, and our responses;
- Verification information: Information necessary to verify your identity, such as a passport or driver's licence. Examples also include background information about you we receive from public records or from other entities not affiliated with IBFX. Australian Anti-Money Laundering and Counter-Terrorism Financing Regulations require us to collect information and take actions necessary to verify your identity.

You directly provide to us the majority of information we collect. You do this by completing the account application and related documentation, by placing a trade, by sending us an e-mail, or by submitting information in response to a promotion or special offer. Other ways we obtain information are by (1) observing your usage of the web site, and (2) providing products and services to you.

Please be aware that IBFX has regulatory obligations to keep your Personal Information on record for a period of five years in the case you wish to terminate your working relationship with us.

Cookies

Cookies are small files containing information that a web site uses to track its visitors. IBFX may set and access IBFX cookies on your computer, enabling us to learn which advertisements and promotions bring users to our web site. Cookies may be used on some pages of the web site for us to provide website users a more customized web browsing experience. Cookies are not used to determine the personal identity of anyone merely visiting the web site. Such information that we collect and share would be anonymous and not personally identifiable.

If you do not wish to receive cookies, most web browsers will permit you to decline cookies and in most cases will still allow you fully browse our web site.

IBFX Affiliates and Partners

We may share personal information described above with our affiliates for business purposes, such as, but not limited to, providing the product or service you requested, servicing customer accounts and informing customers about new products and services, or to aid in the trading activity of the company, its affiliates, or employees, and as permitted by applicable law. The information we share with affiliates may include any of the information described above, such as your name, address, and trading and account information. Our affiliates maintain the privacy of your information to the same extent IBFX does in accordance with this Policy.

Non Affiliated Third Parties

IBFX may also provide your personal information to an unrelated third party in the event that IBFX sells its business assets, or engages a third party service provider to provide services to IBFX (such as software services)..

IBFX reserves the right to share personal information to third parties as required by law to regulatory, law enforcement or other government authorities. Except as described in this privacy policy, we will not use

your personal information for any other purpose, unless we describe how such information will be used at the time you disclose it to us or we obtain your permission.

Opt Out

You are not required to supply any of the personal information that we may request; however, failure to do so may result in our being unable to open or maintain your account or to provide services to you.

While we make every effort to ensure that all information we hold about you is accurate, complete, and up to date, you can help us considerably in this regard by promptly notifying us if there are any changes to your personal information.

Security of Information

IBFX employs security software, systems, and procedures to offer you a safe and secure trading environment and protect your personal, financial and trading information.

When you open an account with us, you are issued a unique account number, login and a password. Only IBFX employees who have a need to know this information will have access to your account number and login. Remember: you are ultimately responsible for maintaining the confidentiality of your account number, login, and password. We strongly recommend that you do not disclose this information to anyone else.

Access

You may access the personal information we hold about you, upon making a written request. We will try to acknowledge your request within 14 days of its receipt, and to provide you with access to the information requested within 30 days. We may charge you a reasonable fee for processing your request. We may decline a request for access to personal information in circumstances prescribed by relevant legislation.

If, upon receiving access to your personal information or at any other time, you believe the personal information we hold about you is inaccurate, incomplete or out of date, please notify us immediately. We will take reasonable steps to correct the information so that it is accurate, complete and up to date.

Feedback

If you have any queries or concerns about our privacy policy or the way we handle your personal information, please contact our privacy officer by phone on) 9037 0125, by email at compliance@ibfx.com.au or via post at:

IBFX Australia Pty Ltd
Level 10, 68 Pitt Street
Sydney NSW 2000

Superannuation Funds

Complying with superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities. These guidelines and restrictions are contained in the Superannuation Industry (Supervision) Act 1993, known as the Superannuation Industry (Supervision) Regulations 1994 and circulars issued by past

and present regulators of superannuation funds, including the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office (SIS Law).

Listed below are some issues that should be considered by trustees of complying superannuation funds, these issues are non exhaustive. Furthermore, IBFX does not give any personal financial product advice in relation to your dealings in FX Contracts. In giving general advice, IBFX does not take into account your objectives, financial situation or needs. Accordingly, before applying to deal in FX Contracts, you must in conjunction with your adviser(s), give consideration to your objectives, financial situation and needs.

We recommend you seek advice from your financial or legal adviser as to the issues that we raise below.

Investment Strategy

Trustees of complying superannuation funds are required by SIS Law to consider the appropriateness of dealing in FX Contracts in the context of the fund's whole investment strategy and their fiduciary duties and obligations under the SIS Law and the fund's trust deed.

Risk Management

Trustees of complying superannuation funds are required by SIS Law to be familiar with the risks involved in dealing in FX Contracts, and if they decide to deal in such products, must have in place adequate risk management procedures to manage the risks associated with dealing in FX Contracts before doing so.

Cooling-Off Arrangements

There are no cooling-off arrangements for the FX Contracts offered by IBFX.

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

Additional Information

Other information about IBFX and its products may be obtained by accessing our Website at www.ibfx.com.au or by contacting us using the contact information found in this document.