Contracts For Difference

Product Disclosure Statement

International Capital Markets Pty Ltd.

ABN 12 123 289 109

Australian Financial Services License No. 335 629

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Section 1 – Important Information

1.1 THIS PDS

This product disclosure statement (**PDS**) is dated 29 March 2018 and was prepared by International Capital Markets Pty. Ltd. ABN 12 123 289 109 (**IC Markets**); Australian Financial Services Licence No. 335 692.

IC Markets is the issuer of over-the-counter derivatives being contracts for differences (**CFDs**) described in this PDS. It describes the key features of CFDs, their benefits, risks, the costs and fees of dealing in CFDs and other related information.

CFDs are sophisticated financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

This PDS is designed to help you decide whether the CFDs 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. margin foreign exchange contracts) offered by other financial product issuers.

Some expressions used in this PDS have definitions given in the glossary at section 13 of this PDS.

YOUR LIABILITY
CFDs are speculative products. They can be highly geared and carry significantly higher risk than non-geared financial products.
Your potential liability is not limited to the amount you pay IC Markets or what 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 CFDs can be unlimited.
You should only invest in CFDs if you are experienced in derivatives, OTC financial products and understand and accept the risks and terms of our CFDs.
You should get your own financial, legal and tax advice as to whether CFDs are appropriate for you and carefully consider the risks of CFDs and your capacity to meet your liability before investing in CFDs.

1.2 IC MARKETS DOES NOT GIVE PERSONAL ADVICE

IC Markets will not give you personal financial advice. This PDS does not constitute a recommendation or opinion that CFDs are appropriate for you.

Potential investors should be experienced in derivatives and understand and accept the risks of investing in CFDs. The information in this PDS is general only and does not take into account your personal objectives, financial situation or needs. This PDS does not constitute advice to you on whether CFDs are appropriate for you. This PDS describes the CFDs which are issued to you in accordance with the Account Terms. You should read all of this PDS and the Account Terms before making a decision to deal in 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. IC Markets recommends that you consult your adviser or obtain independent advice before trading.

1.3 YOUR SUITABILITY TO DEAL IN CFDs

If we ask you for your personal information to assess your suitability to deal in CFDs and we accept your application to establish your Account, this does not constitute personal advice or any other advice to you.

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

IC Markets has a client qualification policy which is intended to ensure that new clients are reasonably qualified to deal in CFDs. All new clients are assessed and have to pass a qualification test before they are allowed to commence dealing in CFDs. The test is designed to assess your understanding and experience in CFDs.

Some key suitability considerations we may assess you on are:

- Whether you have previous investment experience;
- Whether you understand the nature of CFDs and how they work;
- Whether you understand the processes and technologies used in trading;
- Whether you can monitor your CFD positions and manage risk; and
- Whether you understand the concepts of leverage, margin, and volatility.

IC Markets requires clients to answer a number of questions based on these topics. If a pass mark is achieved clients are deemed appropriately suitable to trade and their Account is activated for trading. If a pass mark is not achieved, we advise you to open a demo account in order to gain a better understanding of the financial product.

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

You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether CFDs or any particular CFD Transactions are suitable for you.

1.4 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.icmarkets.com). A copy of this PDS and the Account Terms can be downloaded from the website or you can call IC Markets to request that a paper copy of them 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 website (www.icmarkets.com) or by calling us using the contact details given below. If you ask us, we will send you without charge a paper copy of the information.

1.5 CONTACT

IC Markets can be contacted at:

Level 6
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Sydney NSW 2000

Toll Free:	1300 600 644
Telephone:	+61 (02) 8014 4280
Email:	info@icmarkets.com
or via our website at:	www.icmarkets.com

Section 2 – Benchmark Disclosure

ASIC has adopted benchmarks for OTC derivatives which include IC Market's CFDs.

The benchmarks are not mandatory and are not law. ASIC has introduced them by way of stating, in Regulatory Guide 227 (**RG 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 IC Markets applies them to its CFDs, and whether IC Markets 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).

Benchmark	Meets	Explanation
1. Client Qualification	✓	IC Markets has in place a client qualification policy which requires all new clients to be assessed and show sufficient experience and product knowledge prior to being able to deal in IC Markets' CFDs. Please see Section 1.3 and our website for further details.
2. Opening Collateral	×	IC Markets does not meet this benchmark because it accepts as collateral for opening an Account, payments by credit card of more than $1,000 as well as payments via Bpay and bank transfer and does not place limits on credit card payments. We do however ask that you to consider our comments in relation to paying by credit card as explained in section 5.1.
3. Counterparty Risk – Hedging	✓	IC Markets has in place a written policy which outlines how we manage our exposure to market risk from client positions and how we identify our Hedge Counterparties. See Section 9.3 and our website for further information.
4. Counterparty Risk – Financial Resources	Partly	IC Markets has in place a written policy outlining how we comply with our financial obligations and we ensure that we have sufficient financial resources to meet our liabilities. See Section 9.3 for further information. IC Markets would meet this benchmark except that it only makes available copies of its latest audited financial statements by inspection at its offices (free of charge).
5. Client Money	✓	IC Markets has in place a written policy regarding the use of Client money. See Section 5.1 for further information. **IC Markets does not use Client moneys paid into the Client moneys trust account for margining, guaranteeing, securing, transferring or for its hedging purposes. Rather, IC Markets uses funds from its own operating account for these purposes.**
6. Suspended or halted underlying assets	✓	IC Markets does not allow trading in positions when there is a trading halt in the underlying reference instrument. See Section 8.4 for further information.
7. Margin Calls	✓	IC Markets has a clear policy in relation to Margin and our rights to Close Out positions. IC Markets Margin practice is an automated process via the Electronic Trading Platform by which 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 whether or not the Client has received the warnings on the Electronic Trading Platform (or notices from us). See Section 5.2 for further information.

Section 3 – Key Features and Key Risks

Key Information

3.1 KEY FEATURES OF CFDs

- CFDs are sophisticated, high-risk, over-the-counter derivatives issued by IC Markets. They are not Exchange-traded.
- You must fund your Account with IC Markets before any CFD can be issued to you. You do this by paying at least the Initial Margin.
- You remain liable to pay later Variation Margins and to maintain the required amount of Margin cover. If you do not maintain the required Margin cover or you do not pay the required Margin call by the required time, your CFDs can be Closed Out and you remain liable to pay for any remaining shortfall.
- CFDs are leveraged instruments since you are required to pay to IC Markets the Margin component only, not the full value of the Underlying Instrument.

3.2 KEY BENEFITS OF CFDS

- **Indirectly trade world markets** - CFDs allow indirect investment exposure to a very large number of financial products traded on Exchanges around the world on an over-the-counter basis.
- **Leverage** - The leverage afforded to you from dealing in CFDs allows you to obtain a larger exposure to the Underlying Instrument over which the CFD is based at a fraction of the outlay that you would have to otherwise pay if you were to buy the Underlying Instrument itself. They allow potential profits significant to the outlay, as well as significant or even unlimited losses.
- **Low transaction costs** – Relatively low transaction costs mean CFDs are a cost effective and convenient way of gaining exposure to the world financial markets without having to buy the Underlying Instrument itself.
- **Hedging** – CFDs can be used to hedge investments and reduce existing market risk. CFDs can be used to hedge directly, on a portfolio basis, or to cover specific risks of investments.
- **Speculation** – In addition to using CFDs as a risk management tool they can also be used to speculate on price movements in a particular market.
- **Liquidity –** Foreign Exchange CFDs offer relatively superior liquidity pricing access, particularly in the major currencies. Liquidity helps ensure price stability and low spreads.
- **Real time quotes –** Our Electronic Trading Platforms allow real time quotes ensuring up to date information is provided almost 24 hours a day on any market that is opened.
- **Provide cash flow certainty** – Foreign exchange CFDs allow you to agree a rate now for a time in the future allowing you to determine the exact cost of the foreign currency and giving certainty over the flow of

funds. Any profit or loss would be offset against the higher or lower price you have to pay for the foreign currency.

- **Protect against adverse market movements** – Foreign exchange CFDs can be used to protect against adverse market movements. Volatility can be managed using stop loss orders that protect against adverse market swings yet secure market rates. Stop loss orders can be used to eliminate downside if the exchange rate reaches a particular level. Limit orders can also be used to benefit from favourable market movements.
- If your Account Value has benefited from a Realised/Unrealised Profit, IC Markets will pay money (or credit) equivalent to that amount of the Realised/Unrealised Profit into the CMTA for your benefit. This means your Account gets paid cash (or is credited) for gains, even before you Close Out your CFDs.

3.3 KEY RISKS OF CFDS

These are the key risks of dealing in IC Markets CFDs.

- **Leverage** – CFDs are leveraged as the amount you pay (the Margin) to IC Markets is typically less than the full face value of the Underlying Instrument. You should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay IC Markets more Margin than your initial outlay. Furthermore, Margin requirements can change rapidly due to changes in the market for the Underlying Instrument.
- **Loss of your initial investment**– Your potential losses on (long or short) CFDs may exceed the amounts you pay (as Margin) for your CFDs or we hold on trust for you.
- **Unlimited Loss** – Your potential loss on CFDs may be unlimited – more than the amount you pay IC Markets for them.
- **Trust moneys are withdrawn to pay for your CFDs** –The money which you pay into the CMTA will be withdrawn to pay IC Markets for the CFDs for fees, costs and charges or when there is a Realised/Unrealised Loss. The moneys are withdrawn as payments to IC Markets, so, once withdrawn they are not held on trust for you and, you lose the benefits of holding those moneys in the CMTA.
- **Margining (position closure) –** You are liable to pay Margin before the CFD is issued and you may be required to pay more Margin before a CFD is closed. Your Margin requirements can change rapidly. If you do not meet your Margin requirements, including at little or no notice, all of your CFDs may be Closed Out without notice to you and you may suffer a loss.
- **Foreign Exchange** – CFDs denominated in foreign currency can expose you to rapid, significant and large changes to the value of your Account resulting from foreign exchange rate movements. This can also trigger changes in your Margin requirements.
- **Counterparty Risk (financial resources)** – You have the risk that IC Markets will not meet its obligations to you under the CFD contracts that you deal in. As IC Markets is the CFD product issuer, you are exposed to the financial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you (see Section 9.3).
- **Counterparty Risk (Hedging)** - The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces its exposure by entering into a corresponding trade with another entity referred to as a Hedge Counterparty. IC Markets hedges CFD transactions (which may not always be a 100% hedge) with its Hedge Counterparties for the purposes of disclosing this risk you need to consider the selection procedures and counterparties used by IC Markets (see Section 9.3).
- **Gapping Risk** – The term 'gapping' refers to a situation where a CFD opens at a much higher or lower price than the previous close. In currency trading 'gapping' typically occurs when the currency re-opens for trading after a weekend. When 'gapping' occurs, you may not be able to exit an existing position at the price you have specified, instead your Order may be filled at the next best price which may be better or worse.
- **Liquidity Risk** – Liquidity risk typically occurs in volatile markets or in circumstances where there is a major news announcement. When there is a lack of liquidity in the Underlying Instrument you may not be able to enter or exit a Transaction at your requested price.
- **Market Volatility –** Financial markets are subject to high volatility causing rapid price fluctuations. This is primarily due to external influences and unforeseen events. This affects prices and spreads of CFDs.
- **System Risk –** Operational risk is inherent when trading online. Disruptions in operational processes such as communications, computer networks or external events may lead to trade execution problems.
- **Execution Risk (Slippage) –** We aim to always provide the best prices possible from our systems and fill Orders at the requested rate, however there may be times where due to an increase in volatility or volume, some price 'slippage' may occur. This generally occurs during news events or 'gapping'. Execution is also subject to available liquidity in the Underlying Instrument. Your Orders may not be filled due to the Underlying Instrument price moving significantly or liquidity exhausted, in which case your Order will be filled at the next available price.
- **Execution Risk (Delays) –** Execution delays may occur for a number of reasons such as technical issues with your internet connection to our servers. Connection strength may vary depending on the kind of device used, interruptions may cause a delay in the transmission of data between our servers to the Electronic Trading Platform.
- **Automated Trading Strategies (Expert Advisors) –** Your use of expert advisors is high risk. IC Markets has no control over the code or logic of these systems. Leaving such systems active without being present may cause significant losses. IC Markets does not accept any liability in relations to the use of any automated trading strategies.

For a description of all of the significant risks relating to CFDs, please see Section 9 of this PDS

3.4 NATURE OF A CFD

A CFD is a sophisticated over-the-counter financial product which allows you to make a profit or loss from changes in the market price of the CFD's Underlying Instrument, without actually owning that financial product or having any direct interest in the financial product.

Essentially, the amount of any profit or loss made on the CFD will be equal to the difference between the price of the Underlying Instrument when the CFD is opened and the price of the Underlying Instrument when the CFD is closed, multiplied by the number of contracts held.

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

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).

Dealing in CFDs does not give you any beneficial interest in the Underlying Instrument nor any right to acquire the Underlying Instrument itself. This is different from direct trading in the Underlying Instrument where you acquire a beneficial interest in the actual financial product.

As the holder of a CFD, you do not have a beneficial interest in the Underlying Instrument and you have none of the rights of an investor who holds the financial product itself.

3.5 TYPES OF CFDs

The CFDs offered by IC Markets are based on the price of underlying financial instruments including the following:

- securities (shares or equities);
- indices;
- commodities;
- government bonds;
- foreign exchange (Forex); and

- cryptocurrencies.

Specification details for each type of IC Markets CFDs are provided on our website at www.icmarkets.com. We recommend that you view these prior to deciding which type of CFDs you wish to deal in.

See section 6 of this PDS for a detailed explanation of the types of CFDs.

3.6 PURPOSE OF CFDs

People who deal in CFDs may do so for a variety of reasons.

Some deal for speculation that is, with a view to profiting from fluctuations in the price or value of the CFD's Underlying Instrument. For example, CFD traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the CFD's Underlying Instrument. CFD traders may have no need to sell or purchase the Underlying Instrument themselves, but may instead be looking to profit from market movements in the Underlying Instrument concerned.

Others deal in CFDs to hedge their exposures to the CFD's Underlying Instrument. For example, CFDs can be used as a risk management tool to enable those with existing holdings of an Underlying Instrument to hedge their positions by investing in CFDs.

CFD traders can potentially profit (and lose) from both rising and falling markets depending on the strategy they have employed across all of their investments. Strategies may be complex and will have different levels of risk associated with each strategy.

Whatever the purpose of the dealing, CFDs allow you to deal indirectly in the Underlying Instrument across a number of Exchanges around the world, without the need for arranging separate broker or custody accounts in each country and having to manage payments for all of those accounts.

The use of CFDs involves a high degree of leverage. These CFDs enable an investor to outlay a relatively small amount (in the form of Initial Margin) to secure an exposure to the CFD's Underlying Instrument. Leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

The leveraging in a CFD may lead to a loss larger than the Initial Margin and Variation Margin that you have paid to IC Markets to establish or to maintain the CFD (see Section 11 for an example of a loss made on a CFD Transaction).

Section 4 – How to Trade

4.1 YOUR ACCOUNT

Before trading you should read the contents of this PDS, the Account Terms and the FSG and decide whether CFD trading is suitable for you.

To establish an Account you will need to complete IC Markets' Account application form, available at www.icmarkets.com or by contacting IC Markets directly. By opening an Account, you agree to the Account Terms. We may reject your Account application in our reasonable discretion.

We will ask you questions that will help us assess your suitability to trade CFDs (as outlined in section 1.3 of this PDS). If we decide that you do not have the relevant experience, we may recommend that you open a demo account prior to opening a live Account.

The legal terms governing your dealing in CFDs with IC Markets are set out in the Account Terms. We strongly suggest that you read the Account Terms.

The Account Terms contain the legal terms for your dealings with us for the CFDs covered by this PDS and also the dealings in other financial products which are not covered by this PDS (such as trading in other kinds of financial products offered by IC Markets).

Your Account is credited by the amount you pay to IC Markets as Initial Margin and deductions are made for fees, charges and other amounts you owe.

If your Account's Withdrawable Funds are in excess of your needs for your trading intentions, then you should consider requesting IC Markets pay to you the amount surplus to your Margin requirements.

4.2 OPENING A DEMO ACCOUNT

If you are unsure about how CFDs work, we **strongly recommend** that you apply for a demo trading account and trial our Electronic Trading Platform prior to opening a live Account.

Our demo accounts mirror our live trading platforms and provide you with a virtual balance to trade with. This enables you to become familiar with the Electronic Trading Platform features and whether or not you feel that CFDs are suitable for you.

We make available demo trading accounts on our website www.icmarkets.com

4.3 BASE CURRENCY

We can apply a base currency of your Account in the major currencies such as Australian dollar (AUD), United States dollar (USD), Euro (EUR), Great Britain pounds (GBP) and Japanese Yen (JPY) and other currencies as allowed by IC Markets from time to time.

Moneys received by us from you in a different currency to that of your chosen base currency of your Account will be converted back to your chosen base currency at the exchange rate applied by our bank at the relevant time.

All the financial information within your Account is displayed in the base currency of your Account.

When you deal in a CFD that is denominated in a currency other than your base currency, all financing adjustments are made by us in that currency and then converted to your base currency at our current exchange rate.

4.4 OPENING A CFD

The particular terms of each CFD are agreed between you and IC Markets before entering into a Transaction.

Before you enter into a CFD, IC Markets 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 IC Markets are either held for Margin or withdrawn to pay the amounts for Realised/Unrealised Losses or any fees and charges which you may owe.

A CFD position is opened by either buying (going long) or selling (going short) a CFD. You go "long" when you buy a CFD in the expectation that the price of the Underlying Instrument to which the CFD relates will increase. This would have the effect that the price of the CFD would increase. You go "short" when you sell a CFD in the expectation that the price of the Underlying Instrument to which the CFD relates will decrease. This would have the effect that the value of the CFD would decline.

4.5 DEALING

Price quotes for dealing in CFDs are indicative only and are subject to the actual price at the time of execution of your Transaction. There is no assurance that the CFD will actually be dealt with at the indicative quote.

Quotes are normally only given, and Transactions made during the open market hours of the relevant Exchange on which the Underlying Instruments are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange's website or by contacting IC Markets.

IC Markets may at any time in its discretion without prior notice impose limits on CFDs in respect of particular Underlying Instruments. Ordinarily IC Markets would only do this if the market for the particular Underlying Instrument has become illiquid or its trading status has been suspended or there is some significant disruption to the markets including trading facilities or the company whose shares the CFD is based on has become externally administered.

You should be aware that the market prices and other market data which you view through the Electronic Trading Platforms or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices for CFDs offered or dealt with by IC Markets.

If you access your Account and any Electronic Trading Platform outside of the hours when Orders may be accepted, you should be aware that the Orders may be processed at a later time when the Underlying Instrument is open for trading. The market prices (and currency exchange values) might have changed significantly by the time the Order is executed.

4.6 PRICING

IC Markets quotes a lower price and a higher price at which you can place your Order. This is referred to as the Bid/Ask spread or "Spread". The higher quoted price is the indication of the price you can **buy** the CFD. The lower quoted price is the indication of the price at which you can **sell** the CFD (that is, Close Out an Open Position for the CFD).

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

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 opened 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 Instrument or IC Markets' 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. That could affect your net profit or loss.

4.7 PRICING MODEL

IC Markets offers its CFDs based on a modified direct market access pricing model.

True ECN (Electronic Communication Network)

IC Markets sources the basis of its prices from several major banks and financial institutions. Under the True ECN-pricing model, IC Markets offers tighter competitive Bid/Ask prices directly to our clients that would not generally otherwise be available to them.

All price quotes by IC Markets for CFDs in respect of Underlying Instruments are based on market prices offered to IC Markets. IC Markets has no other dealer intervention and therefore no price re-quotes. It also translates into faster execution.

In the case of Foreign Exchange CFDs IC Markets streams the interbank ECN prices that it receives from its Hedge Counterparties, there is no dealer intervention and no price re-quotes. The prices we stream are considered to be "True ECN" since we do not alter the price in any way.

4.8 CLOSING A POSITION

Ordinarily, CFDs do not expire or have a fixed term of existence, so they must be Closed Out by you.

Futures CFDs will, however, expire if the Underlying Instrument (i.e., Futures Contracts) expires unless they are rolled into the next available contract.

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

At the time that the positions are closed, the Electronic Trading Platform will calculate the remaining payment rights and obligations to reflect movements in the Contract Value since the previous business close (including any other credits/debits). Because you enter into a position to Close Out the existing position, there may be a fee on the position used to close the position – see Section 10 on "Costs, Fees and Charges".

In order to provide the CFDs to you in an efficient and low-cost manner, IC Markets has discretion in determining closing prices. In general, without limiting IC Markets' discretion, it should be expected that IC Markets will act reasonably and have regard to a range of relevant factors at the time, the closing price of the Underlying Instrument 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 Instrument.

IC Markets also has the right to decide to make an adjustment in any circumstance if IC Markets considers an adjustment is appropriate. IC Markets 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.

IC Markets 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 IC Markets' discretions, IC Markets must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

Profits or losses are realised if positions have been Closed Out.

The amount of any gross 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).

4.9 CONFIRMATIONS OF TRANSACTIONS

If you transact in CFDs, the confirmation of that Transaction, as required by the Corporations Act may be obtained by accessing your daily statement online within your Account, which you are able to print out for your records.

Once you have entered an Order into an Electronic Trading Platform, the system may report the details of your Transaction in an electronic online statement. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act.

If you have provided IC Markets 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 you trade confirmations immediately to ensure their accuracy and to report any discrepancies to us within 48 hours.

4.10 ELECTRONIC TRADING PLATFORM

Your Account gives you access to the Electronic Trading Platform(s).

We strongly recommend that you open a "demo" account and conduct simulated trading prior to open a live account, to familiarise yourself with our Electronic Trading Platforms however, this choice is entirely yours.

We do not accept telephone or other voice Orders unless our Electronic Trading Platforms are not operational (for some reason) and, as a consequence, there is an urgent need to take your Order. 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 systems maintenance, system failures and other related technological or external factors.

You must carefully read and follow the operational rules for each of the Electronic Trading Platform. The Electronic Trading Platforms from time to time 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.

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 section available on the Electronic Trading Platforms which has information relating to the operation of the Electronic Trading Platform.

Section 5 – Client Moneys and Margining

5.1 CLIENT MONEYS

Moneys paid by you to IC Markets for CFDs are deposited into a client moneys trust account (**CMTA**) maintained by IC Markets. You make your deposit by using BPay®, electronic or telegraphic transfer, by cheque, credit card or other means approved by us.

IC Markets only permits clients to trade on cleared funds, ASIC recommends that when credit cards are used as an account funding method that no more than $1,000 be accepted as an initial payment. IC Markets recommends the same however we do not enforce this policy since we believe that the capping of a one-off payment is not likely to act as a protective measure. For instance, clients could quite easily use credit cards for cash advances to fund their Account. **We do however reiterate that when dealing in CFDs you may incur a loss which is far greater than the amount that you have paid** and advise that you not only take this into account when you are using a credit card to make the first ever deposit into your Account, but also for all subsequent deposits.

If you do not use the client reference number when making your deposit, this may delay your opportunity to enter into or Close Out a Transaction. IC Markets may ask you to confirm your direction before we can credit your Account to enable you to enter into a Transaction.

When you make a payment which is deposited into the CMTA, IC Markets is entitled to withdraw from the CMTA the amount for the fees and charges in respect of your CFDs. The moneys paid by you into IC Markets' CMTA are held on trust for you (until they are withdrawn, at which point they become moneys belonging to IC Markets) and are segregated from IC Markets' own company funds. That means those funds are not available to pay general creditors in the event of receivership or liquidation of IC Markets.

You should be aware that, generally for CMTAs:

- Individual client accounts are not separated from each other.
- All clients' moneys are combined into one account.
- Moneys in the CMTA 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. CMTA IC Markets is entitled to retain all interest earned on the money held in its CMTA.

Client Money Rules

IC Markets will deal with client moneys in accordance with the Client Money Rules. In short, in relation to withdrawals from a CMTA, the Client Money Rules:

- limit a financial services licensees' (such as IC Markets) ability to withdraw client moneys from its CMTA:
  - for the licensee's use for working capital;
  - for the licensee meeting obligations incurred by it other than on behalf of the client; and
  - for the purpose of the licensee entering into, or meeting obligations under, transactions that the licensee enters into to hedge, counteract or offset the risk to the licensee associated with a transaction between the licensee and the client;
- impose record-keeping, reconciliation and reporting obligations on Licensees that hold *"derivative retail client money".*

IC Markets does not use client moneys paid into the CMTA for margining, guaranteeing, securing, transferring or for its hedging purposes or for any of the other means prohibited by the Client Money Rules. Rather, IC Markets uses funds from its own operating account for these purposes.

In practical terms, when you make a payment which is deposited into the CMTA, you are making payments held as Margin for your CFDs which may be withdrawn to be paid entirely to IC Markets for any Realised/Unrealised Loss or for fees and charges.

5.2 MARGINING

You must pay the Initial Margin before the CFD is issued to you. You must then maintain the minimum amount of Margin cover required by us. Separately, you must pay any Variation Margin when we require.

To pay Margin you must first deposit the funds into the CMTA. Your payment is only effective when we receive your cleared funds and we credit your Account to reflect the Margin payment.

Here is a summary of the key features of margining which are explained later in this Section:

- **You are liable to meet all calls for Margin for your Account.**
- When you have CFDs, you are also liable to meet all **Margin calls** for additional payments to IC Markets.
- This Margin call **obligation is in addition** to your obligation to maintain the minimum required Margin cover for your Account.
- **There is no limit as to when you need to meet your Margin calls**, how often or the amount of the Margin calls.
- **The timing and amount of each Margin call** will depend on movements in the market price of the open positions, the movements in the market price of the Non-margin product, if used as Margin and the changes to your account value.
- **You** have an obligation to meet the Margin call **even if IC Markets cannot successfully contact you**.
- You have a risk of your **CFDs being immediately Closed Out** if you do not meet the requirement to meet a Margin call.
- When you have CFDs, you are obliged to maintain at all times the **minimum Margin cover** for all of your CFDs.
- It is **your obligation to monitor** the minimum amount of Margin cover required for your Account.
- It is **your obligation to maintain the minimum Margin cover** at all times for so long as you have Open Positions.
- **We are not obliged to notify** you about your obligation, though we may do so by email, telephone call or otherwise, as a courtesy.
- **You have a risk of all of your CFDs being Closed Out if you do not have sufficient Account Value**, regardless of whether you have checked your Account's requirement for minimum Margin cover or whether you have tried to make a payment but it has not been credited to your Account.

Margin cover obligation

- You must continuously maintain Margin cover for your Account.
- 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. IC Markets' Margin practice is an automated process by which the Electronic Trading Platform sends warnings to your Account online at different Margin cover levels. The Margin Closeout levels are stated on our website.
- **The timing and amount of your Margin cover obligations for your Account** will depend on movements in the market price of the Underlying Instrument, and the changes to the Account Value.
- You have an obligation to meet the Margin cover **even if IC Markets (by the Electronic Trading Platform or otherwise) cannot successfully or does not contact you. You must not rely on receiving any warning from us (or the Electronic Trading Platform) or you not accessing your Account.**
- You have a risk of some or all of your **CFDs being Closed Out** if you do not meet the obligation to meet the Margin cover requirement.
- It is **your obligation to monitor** the Margin cover requirement and the Margin Cover for your Account.
- It is **your obligation to maintain the minimum Margin Cover** at all times for so long as you have an Open Position.
- 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 cover credited to it, regardless of whether you have checked your Account's Margin cover requirement or whether you have tried to make a payment but it has not been credited to your Account.

How is Margin cover calculated?

IC Markets sets the amount of the Initial Margin and also at any later time require more Margin cover.

The Initial Margin set by IC Markets can be dependent on the leverage ratio, the type of CFD selected by the Client and calculated as a percentage of the full face value of the CFDs.

Example: The opening balance of your Account is USD$10,000 and you select a leverage ratio of 1:50 to open a position in a CFD, so the Initial Margin is 2% of the Contract Value. You decide to enter into a Transaction with a Contract Value of USD$50,000. The Initial Margin required for this Transaction is USD$1,000 (i.e., 2% of USD$50,000).

Owing to the volatility of the market, the amount of required Margin may change after a position has been opened, requiring a further payment for Margin known as the Variation Margin. Margin amounts are calculated to cover the maximum expected movement in the market at any time but will change when the market changes (and might be insufficient coverage). If you have CFDs denominated in a currency other than the base currency of your Account, any fluctuations in the exchange rate adverse to your CFD position can lead to automatic adjustments to your required Margin cover, so you need to monitor these CFD positions very carefully.

Therefore, you should be aware that you can reach the stage of not having enough equity in your Account (because of the CFDs being marked to market) to the extent that your Account's Margin cover is or becomes negative. In this case you have not satisfied your obligation to maintain the minimum Margin requirements. The change in valuation of your CFDs by marking to market is automatic so your Margin cover can become negative quickly, reflecting the rapid changes in the market values.

In order to return your Margin cover to positive, i.e., to satisfy the minimum Margin requirements, you may:

- Close Out existing positions to reduce your Margin requirements; or
- pay additional funds as Margin for your Account; or
- a combination of the above.

If these actions taken are not sufficient to return your Margin cover to positive, then you risk all or some of your positions being automatically Closed Out.

Your obligation to pay Margin arises under the Account Terms so it applies from the time you open a position. If the market moves so as to increase the minimum Margin cover requirements, or we increase the Margin cover requirement, 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 minimum Margin cover) remains at all times, whether or not we contact you and whether or not you log into your Account.

You will be required to provide the required Margin cover whether or not you receive a Margin call. In other words, you are responsible for monitoring your positions and providing the required level of Margin cover. You might receive notice about Margin cover requirements by email, SMS messages or, when you access your Account via the Electronic Trading Platform, by messages on your screen, but you need to provide the Margin cover whether or not you get that notice from us (including through the Electronic Trading Platform).

The value of your CFD positions are ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin cover requirements for your Account. At weekends or at other times when trading on the Exchange relevant to the Underlying Instrument is closed, some Margin cover requirements automatically increase. You should note that if the underlying market is not trading then the value might not change until the market re-opens and there might be a gap in prices/values at the time of re-opening.

Further Margin payments

For as long as your CFD position is opened, you are required to maintain minimum Margin cover. Where your Margin cover is a floating amount rather than a fixed amount, we will recalculate the Margin that you are required to pay on a mark-to-market basis.

Making Margin payments

It is your responsibility to constantly monitor your Open Positions to ensure that you retain your Margin requirement based on the value of your Open Positions. If your Margin requirement is less than the available balance of your Account, you will be required to fund the shortfall.

We may call you to inform you that you are liable to make and additional Margin payment (i.e., a Margin call), however our failure to make a Margin call in no way negates your obligation to monitor your position and pay any shortfall. If you do not pay any shortfall the Account Terms give us rights that you should be fully aware of. These rights include but are not limited to, closing your positions without notice. We have these rights as soon as you have a Margin shortfall. Margin payments must be in the form of cleared funds in our bank account.

Margin Calls

Apart from your obligation to maintain the required amount of Margin cover, you are also obliged to meet Margin calls by paying the required amount by the time stipulated in the Margin call.

- In normal circumstances we will endeavour to notify you of a margin call via an email or alert from within the trading platform. This serves as notice that your trades are at risk of being closed out. You are responsible for monitoring your Account and ensuring that you have sufficient funds available to meet your margin obligations. We have no obligation to provide you with notification, this service is provided to you on a best endeavours basis.
- If no time is stipulated, payment is required within 24 hours of the Margin call being made. Sometimes, however (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin call (that is, immediate payment is required) or more than one Margin call may be made on the one day including at weekends or outside of local business hours.
- Even if you do not answer the telephone on the number you give us, or you do not read the emailed Margin call which was sent to the email address you gave us, or do not login into your Account via the Electronic Trading Platform you remain liable to meet the Margin call. That is why you need to be contactable 24 hours a day, 7 days a week.
- Whilst being on margin call if your Margin cover level falls below various levels of your Account Value (see the Margin Closeout levels on our website), we will automatically Close Out your Open Positions to facilitate your Margin obligation to us. This level is indicative only, is not guaranteed and may differ based on market conditions and the instruments traded. You should be aware that any open positions will be at risk of closure when your account enters into a Margin call.

5.3 DIVIDEND AND CORPORATE ACTION ADJUSTMENTS

A dividend adjustment is applied when a share (or a component share in the case of stock indices) passes its *ex*-dividend date (also referred to in the market as the "record date", including the *ex*-dividend date of any special dividend) in the underlying market. In the case of long positions, the dividend adjustment is credited to your Account, in the case of short positions it is debited from your Account.

The dividend adjustment for equities (Australian or otherwise) varies depending on local tax arrangements which may vary from time to time. An adjustment will also be made to your Account to reflect the effect of a corporate action such as a bonus share issue, share offer or rights issue affecting the Underlying Instrument if you have an open CFD position.

Section 6 – Types of CFDs

6.1 Index CFDs

IC Markets Index CFDs derive their price or value from the real time changes in the value of an Underlying Instrument (i.e., an index) as calculated by the relevant Exchange or IC Markets' valuation of that Underlying Instrument.

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

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

IC Markets 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 IC Markets Index CFDs for that underlying index would mean the face value of the Transaction is $46,000.

Further contract specifications of our Index CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

6.2 Commodity CFDs

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

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

IC Markets 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 IC Markets). Open hours of the relevant Exchanges are available by viewing the relevant Exchange's website.

Further contract specifications of our Commodity CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

6.3 Bond CFDs

IC Markets Bond CFDs' Underlying Instruments are government bond Futures, such as US Treasuries, Japanese Government Bonds (JGBs), and Eurozone Bonds.

IC Markets Bond CFDs allow you to access the most popular global bond markets using smaller contract sizes and lower margins, making it more accessible than the Futures that they are based off.

The IC Markets Bond CFDs, Underlying Instruments are stated on IC Markets website at www.icmarkets.com.

IC Markets Bond CFDs can only be traded during the open market hours during which the Underlying Instrument is traded (or within any more limited hours set from time to time by IC Markets).

Further contract specifications of our Bond CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

6.4 Foreign Exchange CFDs

Foreign Exchange CFDs are leveraged products which derive their prices from the real time changes in the market price and exchange rates of foreign currencies.

Prices are only quoted by IC Markets and can only be traded during the open market hours during which the foreign currency is traded.

Open hours of the market are available by viewing IC Markets' website. IC Markets might not quote for a contract on a particular foreign currency if that foreign currency is illiquid.

Foreign Exchange CFDs allow you to receive many of the economic benefits of owning the full value of the foreign exchange contract on which the Foreign Exchange CFD is based without physically owning it.

Further contract specifications of our Foreign Exchange CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

6.5 Cryptocurrency CFDs

Cryptocurrency CFDs allows you to gain exposure to price movements in cryptocurrencies. The prices of the Cryptocurrency CFDs we quote are derived from the price feeds from cryptocurrency exchanges or cryptocurrency Hedge Counterparties that we deal with.

Cryptocurrency CFDs are opened in the same way as other CFDs. We will quote a Bid and Ask price for a cryptocurrency rate. For example, we might quote the Cryptocurrency CFD, bitcoin (XBT) against the USD as 11,500/11,540. If you thought XBT was going to rise against the USD, you would 'buy' the CFD at 11,540. If you thought XBT was going to fall against the USD, you would 'sell' the CFD at 11,500. You can close your position in much the same way. If the CFD is a buy, the closing level will be the lower figure quoted by us; if the CFD is a sell it will be the higher figure. The swap or rollover rate that is applied will be tripled for positions held over the weekend.

Details of Cryptocurrency CFD trading sizes, margin requirements and swap rates (i.e., Finance Charges) are set out in the Trading Conditions and are shown on the Electronic Trading Platform and on our website. <u>We encourage you to review our website for these contract specifications prior to deciding to deal in Cryptocurrency CFDs.</u>

The default contract size is 1 cryptocurrency which is equivalent to 1 unit of cryptocurrency , however this can be as low as 0.1 units of cryptocurrency .

Further contract specifications of our Cryptocurrency CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

6.6 Share CFDs

Share CFDs allows you to gain exposure to movements in the price of the Underlying Instrument that you would obtain directly from owning the share/equity itself.

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

Further contract specifications of our Share CFDs can be found on our website at www.icmarkets.com.

Also, see the trading example at section 11 of this PDS.

Section 7 – Order Types

Different types of Orders are available on the Electronic Trading Platform when you log in. Orders will only be executed during the trading hours of the relevant Exchange on which the Underlying Instrument is traded.

Important notice about this section

When you request 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, in our reasonable 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 Instruments are being traded or our compliance and operational filters and configurations. For some CFDs which you choose to deal in, there may be a minimum trade value or other restrictions (e.g., pricing) that relate to a particular market.

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, and subject to compliance and operational filters. The speed of electronic processing can depend on a number of technical factors, including any transaction filters required for our compliance.

All Orders accepted will be an instruction to buy at the Ask price or sell at the Bid price. All Orders are treated as either a Buy or Sell instruction without reference to whether they are intended to open or close or part close a position. It is your responsibility to ensure that all Orders placed by you have been executed correctly.

Below are the Order types offered by IC Markets.

7.1 Market Order

A market order is an order to buy or sell immediately at the Current Market Price. Generally, they are placed during market hours. When you buy, you buy at the Ask price, and when you sell, you sell at the Bid price.

7.2 Limit Order

A limit order to buy (at a limit price) refers to an Order to buy if the price trades at or below the limit price you have chosen. A limit order to sell (at a limit price) refers to an Order to sell if the price trades at or above that limit price. These orders may be used to enter a position, or to exit a position. When used to exit a position, they're also known as a "take profit order".

A limit order will generally be filled as a market order once the limit price is traded. This could mean that the actual fill price is better or worse than the limit price you select on the order.

If a limit order is used to fill at the limit price or better, i.e., no negative price adjustment, the ability for IC Markets to fill the order entirely will be dependent on the available liquidity at that price. This may cause a limit order to be partially filled or not filled at all.

7.3 Stop Order

IC Markets may accept an Order from you to close a CFD Transaction if the price moves to or beyond a level specified by you. This is a Stop Order, also known as a "Stop" or a "stop-loss order". You would generally choose to place a stop-loss order to provide some risk protection. For example, if your Open Position moves towards making a loss based on a level chosen by you, the stop-loss order would be triggered in order to try to close your Open Position or to open a position, depending on whether you are long or short.

Typically, a buy stop-loss order is used to close a short Open Position at a price which is higher than the current price; or sell a CFD to close a long Open Position at a price which is lower than the current price.

For example, your stop-loss order would be triggered if our Bid price (for a stop-loss order that requires an order to sell a CFD) moves against you to a point that is beyond the level specified by you (and accepted by us). Conversely, for example, your stop-loss order would be triggered if our offer price (for a stop-loss order that requires an order to buy a CFD) moves against you to a point that is beyond the level specified by you (and accepted by us).

All stop-loss orders are subject to agreement by us, so you cannot be assured that you will always be able to execute a stop-loss order. IC Markets will generally try to accept a stop-loss order, subject to market conditions and the reasonableness of your stop-loss order. Your order may be unreasonable if, for example, the level you have specified is beyond the level allowed for orders for the Underlying Instrument or trading in the Underlying Instrument has been halted or suspended on an Exchange.

A stop-loss order might not get filled at all. Even if we accept your stop-loss order, market conditions may move against you in a way that prevents execution of your stop-loss order. For example, in volatile markets, our quoted prices might gap though your stop-loss order level, so that the closing level of quotes may be beyond the exact level specified by you.

A gap in market prices reflects the market for the security, so can occur for any reason, without any apparent reason or at any time. Additionally, it may be that not all of the stop-loss order can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the Underlying Instrument to allow IC Markets to hedge its transactions which it makes in order to completely fulfil your stop-loss order.

If the opening price of the Underlying Instrument is beyond the level of your stop-loss order, your order will be filled at the opening level, not at your stop-loss order level.

A **stop limit order** is a particular kind of stop-loss order. A stop limit order means that the order will not get filled at all below the limit of the order. This means that if the new or opening price gaps beyond your stop limit order, your order will not be filled at all.

In any case, the stop-loss order, of any kind, is not a guarantee that it will actually be filled. This is the case with any Order you place (and which is accepted by IC Markets) as long as it is made in accordance with the Account Terms. For example, IC Markets' Hedge Counterparty is required to ensure there is an orderly market, so its trading may be stopped by them or modified (by way of converting a stop-loss order to them to a stop limit order) in order to comply with their obligation to maintain an orderly market. That means the stop-loss order you place with IC Markets may be similarly affected.

Not only can Stop orders be used to close existing Open Positions but they can also be used to open new positions, this is known as a "stop-entry order". For example, should you wish to enter the market at a level above the Current Market Price or below the Current Market Price a stop-entry order would be used.

A **stop-entry order** to open a new long position would be triggered if our offer price (for a stop-entry order that requires an order to buy a CFD) to a point that is beyond the level specified by you (and accepted by us). Conversely, for example, your stop-entry order to open a new short position would be triggered if our Bid price (for a stop-entry order that requires an order to sell a CFD) moves to a point that is beyond the level specified by you (and accepted by us).

7.4 Trailing Stop Order

A **sell trailing stop order** sets the stop price below the market price with an attached trailing amount. As the market price rises, the stop price rises by the trail amount, but if the stock price falls, the stop-loss price does not change, and a market order is submitted when the stop price is hit. This technique is designed to allow an investor to specify a limit on the maximum possible loss, without setting a limit on the maximum possible gain. **Buy trailing stop orders** are the mirror image of sell trailing stop orders, and are most appropriate for use in falling markets.

When setting the stop price, you should be careful not to set it too close to the Current Market Price being the price available to IC Markets, especially in a volatile market, since 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 IC Markets) as long as it is made in accordance with the Account Terms.

7.5 If Done (Contingent) Orders

These are Orders that become active only after another Order is filled, and are otherwise known as "if done" orders.

Order durations

Orders will remain in effect until either it has been cancelled by you or us; executed by us; or we no longer quote the CFD which your Order was placed over.

Typically, IC Markets offers three (3) main Order durations, these are:

- Good until cancelled - this is an Order that you have placed that will remain in effect until it is cancelled by you (or us).
- Day Only – This is an Order placed during the trading session that will remain in effect until the end of the trading session.
- Good until Date – This is an Order placed that will remain in effect until a date and time that you set.

Other features of Orders

Whether you place your Order via the Electronic Trading Platforms or any other method made available to you by IC Markets, it is important that you make the duration of your Order clear.

If an Order is placed by telephone (in cases of an emergency because, for example, the Electronic Trading Platform is not operational) it is important to note that Day Only orders are treated as expiring at the close of the day's trading of the Exchange for the Underlying Instrument over which the CFD is offered, so it will not include any overnight trading sessions for that Exchange. This means that it is important that, at the time you place a Day Only order, you specify whether you want that Day Only order to apply for the day's trading on the relevant Exchange or whether you want the Day Only order to apply for a specified period.

If we accept one of these Orders, then when our Bid or our Ask prices reach or exceed the level of your Order, your instruction will be triggered and subsequently executed (subject to the terms set out in the Account Terms).

It is your responsibility to understand how an Order operates before you place any such Order with us. Examples are set out below and further information can be found on our website or by asking us.

Your Order may be executed irrespective of the length of time for which your Order level is reached or exceeded. In volatile markets our Bid/Ask quote might 'gap' through your Order level, so that the closing level or the opening level may be beyond the exact level specified by you.

When you place an Order, you are dealing with us as principal - you are not dealing on an Exchange. While we seek to execute your Order at the level that might have been achieved had a similar Order been placed on an Exchange, it may not be possible to determine what such a level might have been. We do not assure you that your Order will be executed at any such level. We will reasonably exercise our discretion to determine when Orders are triggered and the level at which they are executed.

You can cancel or amend the level of an Order with our agreement at any time before our Bid/Ask quote reaches or exceeds your current specified level. We also reserve the right to aggregate or to work the instructions we receive to open or to close out CFDs, including Stop Orders.

Examples of Orders

Example 1: Selling a Forex CFD with a conventional Stop Order

The AUD/USD is 0.77505/0.70510 on the Electronic Trading Platform, and you sell Forex CFDs for 100,000 AUD/USD 0.70505 (the Bid price). You decide to put your Stop-Loss Order at 0.70805. There is no cost or fee charged for placing a Stop-Loss Order (but remember that any Transaction resulting from your Stop-Loss Order will incur the usual Transaction Fees).

If the market moves against you, your position would be Closed Out at 0.70805, however, should the market gap straight through your Stop-Loss Order, your position would be Closed Out at the next available price.

In this example, we will assume that the AUD/USD gaps straight through the Stop-Loss Order level of 0.70805 and the position is Closed Out at 0.70905, resulting in a loss of USD$400 (excluding our Transaction Fee, Finance Charge and dividend adjustments).

This loss is calculated as USD$400 (0.70505, the opening level, minus 0.70805, the Stop-Loss Order level plus market slippage of 0.0010 = 0.0040 x 100,000 units of currency = USD$400.)

Triggering the Stop Order

After you have held the position for a few weeks, the Reserve Bank of Australia release positive news for the Australia economy which results in the AUD/USD opening the week significantly higher. The AUD/USD closed the previous week at 0.7080, but it opens the new week at 0.71505. Your Stop Order is triggered, and your position is Closed Out at 0.71505 (the level at which it would be possible to buy 100,00 AUD/USD) to Close Out the position.

Your gross loss on the Transaction is calculated as follows:

Opening level:	0.70505
Closing level:	0.71505
Difference:	-0.01000
Gross loss on Transaction:	-0.01000 x 100,000
	= -USD$1,000

Example 2: Buying a share CFD with a Trailing Stop

Trailing Stops are a type of Stop Order that track your profitable positions automatically – and close your Transaction if the market move against you. Trailing Stops prevent you having to monitor and move your stops constantly.

When you open your position, you specify two numbers for your Trailing Stop:

Stop distance – how far away from the opening level your Trailing Stop is placed

Step size – the size of the increments by which the Trailing Stop can move.

For example, say Great Big Mining Company is quoted at $28.20/28.24 in the market. You buy CFDs for 5000 shares at $28.24/CFD, and you set a Trailing Stop with a Stop distance of 30 points and a Step size of 10 points.

The Trailing Stop initially sits at $27.94, i.e. 30 points behind your opening price. Immediately, Great Big Mining Company starts to rise. Very soon our sell price has risen to $28.34/CFD (10 points above your opening price) and your Trailing Stop 'steps' up by 10 points to $28.04 to re-establish a 30-point distance from the new market level.

The rally continues and by late-afternoon Great Big Mining Company is trading at $28.89/28.93. Your Trailing Stop has therefore moved automatically five more times, so you are now sitting on a healthy potential profit with your Trailing Stop waiting 35 points behind at $28.54.

A surprise news announcement suddenly sends Great Big Mining Company share prices plummeting and within minutes trading is back down at $28.30/$28.34. Your Trailing Stop has been triggered and your position is closed 35 points below the recent high – at $28.54, still well above your opening price of $28.24.

With a conventional Stop Order you would still be in the market because your Stop Order would have remained at its initial level of $27.94. By contrast, a Trailing Stop follows the market in a profitable direction.

The only difference between a Trailing Stop and a conventional Stop Order is that the level of a Trailing Stop moves positively with the market whereas the level of a conventional Stop Order remains fixed. Once a Trailing Stop is triggered, it is treated in exactly the same manner as a conventional Stop Order.

Example 3: Buying a Commodity CFD with a Limit Order

A Limit Order is an instruction to deal if our price moves to a more favourable level (e.g. to 'buy' if our price goes down to a specified level or to 'sell' if our price goes up to a specified level,).

For example, if we were quoting CFDs on Gold (XAU/USD) at $1350.50/1350.70 you might give a Limit Order to 'buy' at a limit of $1350. Your Limit Order will be triggered if at any time, our offer quote moves through the level of the Limit Order (in this case $1350). We will normally accept a Limit Order on any Open Position.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of different Order types 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, tax rate or overall tax position, potential changes in interest rates charged to or earned on the Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time.

Section 8 – Other features of the CFDs

8.1 SPREADS

The Spread is the difference between the Bid and Ask prices and should be factored into trading. Although not a direct cost (or separate charge) this is a feature of CFDs that should be considered prior to trading.

IC Markets will typically charge you a commission amount (the Transaction Fee) however should you elect to deal on a commission free basis, IC Markets will apply a larger Spread in the prices quoted.

The larger Spread is applied by way of adding the price shown to you by adding a further amount. Spreads can vary according to the volatility of the Underlying Instrument. We may change our Spreads at any time. Certain instruments may have wider Spreads outside of conventional market hours. Information regarding the spreads that we quote is available from us directly and is published on our website.

An example of our normal Spreads are calculated as follows:

AUD/USD	: 1.04997/1.05000
Spread = (Bid price – Ask price)	: (1.04997-1.05000) = 0.3 Pips
Cost = (quantity x Spread)	: (1,000 x 0.00003) = USD 0.03 cents

8.2 DIVIDENDS

If you hold a long Share CFD, you will be **credited** with an amount equal to the gross unfranked dividend on the relevant number of the CFD's Underlying Instrument on the payment date (CFDs do not confer rights to any dividend imputation credits).

Conversely, if you hold a short CFD, your Account will be **debited** an amount equal to the gross franked dividend on the Underlying Instrument on the *ex*-dividend date.

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

8.3 CORPORATE ACTIONS

If there is a corporate action by the company which issues the CFD's Underlying Instrument to which the CFD relates, IC Markets may in its discretion make an adjustment to the terms of the CFD in accordance with the Account Terms. For example, an adjustment will ordinarily be made for share splits, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues buy backs, in specie distributions, takeovers, schemes of arrangement or similar corporate actions, a corporate action event that has a dilutive or concentrative effect on the market value of the shares or, if the CFD relates to an index, a substantial adjustment to the composition of the index outside its own terms allowing for adjustments or weightings, a failure to publish the index or a suspension or a cancellation of the index.

IC Markets has the right to decide to make an adjustment in any circumstance if IC Markets considers an adjustment is appropriate. IC Markets 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.

IC Markets 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. IC Markets may also elect to close a CFD if the CFD's Underlying Instrument is 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.

CFDs do not entitle you to direct IC Markets on how to exercise any voting rights in connection with the CFD's Underlying Instrument such as shares.

8.4 SUSPENSIONS AND DE-LISTINGS

If an Underlying Instrument to which a CFD Transaction relates is suspended or has halted trading for whatever reason, we may suspend trading in the CFD and we may increase the amount of Margin required to support that Open Position in our reasonable discretion. If the Open Position remains suspended for a time that we think is unacceptable to us in our sole discretion, we may Close Out the Open Position at the Closing Price.

If an Underlying Instrument to which a CFD Transaction has been de-listed, we may Close Out all affected Open Positions at the Closing Price in our discretion.

8.5 NO SHAREHOLDER BENEFITS

As a holder of a CFD, if the CFD's Underlying Instrument is a share or other voting security, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct IC Markets to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

8.6 DAILY VALUATION

During the term of a CFD Transaction, IC Markets will determine the value of your Account(s), based on the mark to market value of the CFDs in your Account.

If trading in the CFD's Underlying Instrument is suspended or halted by the relevant Exchange, the CFD position will be re-valued by IC Markets for your Account.

8.7 CFDs OVER UNDERLYING FUTURES CONTRACTS

Underlying Futures Contracts

If the Underlying Instrument of a CFD is an Exchange-traded futures contract (**Underlying Futures Contract**) your CFD issued by IC Markets operates by reference to a notional Futures Contract which is Exchange-traded. It is your obligation to ensure that you are aware of the expiry date of the underlying futures contract since your Account may be adjusted when the underlying futures contract expires and is automatically rolled into the next contract.

Expiry of Futures Contracts and Close Out by IC Markets

It should be noted that since all futures CFDs are only ever cash settled, all positions need to be closed or rolled into the next contract month. IC Markets advises you to be aware of the expiry and first notice dates of any Futures Contracts which are the Underlying Futures Contracts of the futures CFDs which you invest in and ensure that you close your CFD position before that date. If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your CFDs, please contact IC Markets or the relevant Exchange where the Futures Contract is traded on.

If you wish to close a futures CFD position before it expires, you enter into a CFD Transaction which is equal and opposite to the open CFD through the Electronic Trading Platform.

On the day that the CFD is closed, IC Markets will calculate the remaining payment rights and obligations to reflect movements in the Contract Value since the previous business close (including other credits/debits). Because you enter into a CFD Transaction to Close Out the existing CFD Transaction, there may be a Transaction Fee on the CFD Transaction used to close the position (see section 6 for further details).

In order to provide the futures CFDs to you in an efficient and low-cost manner, IC Markets has discretion in determining closing prices. In general, without limiting IC Markets' discretion, it should be expected that IC Markets will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by IC Markets to hedge its futures CFD issued to you (which may not be a 100% fully hedged position), the closing price of the Underlying Futures Contract for the CFD, any foreign currency exchange rates which are relevant due to the denomination of your CFD or Account and any suspension or halt in trading of the Underlying Futures Contract. In the worst case, it is possible that the closing price determined by IC Markets may be zero.

IC Markets also has the right to decide to make an adjustment in any circumstance if IC Markets considers an adjustment is appropriate. IC Markets 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.

If the Underlying Futures Contract over the CFD is rolled into the next contract by us we will make a cash adjustment to your Account, this will depend on whether you were long or short the CFD. The cash adjustment will reflect the difference in price between contracts.

Section 9 – Significant Risks

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

9.1 KEY RISKS

You should consider these key risks involved in CFDs:

Key Risks	Important issues
Loss from Leverage:	CFDs have leverage which can lead to large losses as well as large gains. The high degree of leverage in CFDs can work against you as well as for you. The leveraging in a CFD gives a moderate to high risk of a loss larger than the amounts you pay IC Markets (as Initial Margin or Variation Margin) and we hold on trust for you. It can also cause volatile fluctuations in the Margin requirements. Losses are likely if you do not adequately monitor your CFDs and Close Out any positions at a value acceptable to you.
Unlimited loss on CFDs:	There is a risk of your potential loss on CFDs being unlimited – more than the amount you pay IC Markets for the CFDs. You can avoid unlimited losses if you do not trade CFDs. You can minimise losses on CFDs by monitoring your positions and Closing Out the positions before losses arise.
Margin risk:	You must be able to pay to IC Markets the amount of required Margin cover as and when required, otherwise all of your Transactions may be Closed Out without notice to you. Margin requirements are highly likely to change continuously, in line with market movements in the Underlying Instrument. You should consider there is a high risk of Margin requirements changing and changing at times very rapidly. There is a moderate to high risk that if the market value of the Underlying Instrument moves rapidly against you, you will be required to pay more Margin on little or no notice. If you do not meet those requirements, your positions can be automatically Closed Out. You can minimise your risk of losing your positions after failing to meet Margin requirements by carefully selecting the type and amount of CFDs to suit your needs, monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Variation Margin within the time required by IC Markets.
Foreign exchange risk:	Foreign currency conversions required for your Account can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to 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 CFD position and that in turn can affect the minimum amount of Margin required (or trigger a Margin call). You can minimise this risk by selecting CFDs with foreign exchange exposure that you are prepared to incur and to monitor.
Counterparty risk (Financial Resources):	You have the risk that IC Markets will not meet its obligations to you under the CFDs. IC Markets' CFDs are not Exchange traded so you need to consider the credit and related risks you have on IC Markets. As IC Markets is the CFD product issuer, you are exposed to the financial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you. IC Markets believes that your counterparty risk on IC Markets is low, especially due to its hedging policy, margin policy and risk management. The potential adverse outcome of this risk is very significant to you since, if it occurs, you could lose all or some of your investment. You can minimise your counterparty risk on IC Markets by limiting the amount you pay IC Markets, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management.
Counterparty risk (Hedging):	The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces its exposure by entering into transactions with another entity referred to as a Hedge Counterparty. **IC Markets does not use client moneys to hedge any of its positions with its Hedge Counterparties. Those positions are funded by IC Markets' operating account.** Before entering into a relationship with a new hedging counterparty, IC Markets undertakes a due diligence process. This process includes a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangements, reporting processes, fees and charges (See section 9.3 below).

9.2 OTHER SIGNIFICANT RISKS

You should consider these significant risks involved in CFDs:

Significant Risk	Important issues
Market risk:	CFD trading is highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of your CFDs 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 your CFDs, monitoring your CFD positions carefully and closing your positions before unacceptable losses arise. As CFDs are OTC financial products you do not have the benefit of some of the advantages of trading on a licensed market, such as having a central clearing house to guarantee our obligations to you. IC Markets continues to offer trading in CFDs when the Underlying Instrument is illiquid but suspends trading in the CFD if the Underlying Instrument is suspended or delisted. In accordance with the Account Terms we may close related CFD positions at a price that is based on current and anticipated market conditions as determined by us in good faith.
Not a regulated market:	The CFDs offered by IC Markets are OTC derivatives and are not covered by the rules of an Exchange. 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 CFDs. OTC contracts, by their nature are not liquid investments in themselves. If you want to exit your CFD, you rely on IC Markets' ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Instrument. 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 CFDs when desired, and you may suffer a loss as a result of that. Common examples of disruptions include the "crash" of a computer-based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular series of contracts or a particular trade, and suspends trading in those contracts or cancels that trade.
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 CFD's value over a short period. There is a moderate to high risk of this occurring as a result of market volatility. IC Markets' ability to Close Out a CFD depends on the Current Market Price for an Underlying Instrument. Gapping risk refers to an occurrence where the quoted price moves from one price to the next price, through an order level. This may be because the Underlying Instrument to which the CFD relates has stopped and recommences trading at a price below or above a Stop Loss Order level, or may trade in insufficient size as represented by your order for IC Markets to be able to place a trade in the Underlying Instrument. When gapping occurs, your Orders are executed at the quote based on the first price that IC Markets are reasonably able to obtain in the Underlying Instrument. Accordingly, where you have an Order you must understand the potential impact of gapping. You should consider placing orders or other orders that limit your losses but also closely monitor your Account and the relevant market in case the stop-loss order is not fully filled or filled at all and you need to take further action to limit your losses. You should note that contingent orders (such as, Limit and stop orders) are not guaranteed executable at the specified level or amount, unless explicitly stated otherwise by IC Markets. It is your responsibility to manage your orders, any order that you have placed and have not cancelled maybe filled by us and as a result you may incur a loss as a result of that order.
Online trading platform:	You are responsible for the means by which you access the Electronic Trading Platform or your other contact with IC Markets. If you are unable to access the Electronic Trading Platform, it may mean that you are unable to trade in CFDs (including Closing them out) or you might not be aware of the current Margin requirements and, so you may suffer loss as a result. IC Markets may also suspend the operation of the Electronic Trading Platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, IC Markets has discretion in determining when to do this. If the Electronic Trading Platform is suspended, you may have difficulty contacting IC Markets, you may not be able to contact IC Markets 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 IC Markets will impose volume limits on client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against IC Markets 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 material for any particular Electronic Trading Platform.
Exchange:	The rules of the relevant Exchange govern the trading in an Underlying Instrument which is Exchange-traded and so will indirectly affect the dealing in those CFDs.
Conflicts:	Your dealing with IC Markets carries an unavoidable risk of actual conflicts of interests because IC Markets is acting as principal in its CFD Transactions with you. IC Markets issues the CFD to you based on the price available of the Underlying Instrument. You can monitor IC Markets' CFD pricing compared with other CFDs which have comparable terms and by monitoring the underlying market.

Significant Risk	Important issues
Valuations:	The CFDs are valued by IC Markets. Typically, this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Instrument on the relevant Exchange which in turn affects the price quoted by a Hedge Counterparty to IC Markets. If the Exchange fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Instrument is halted or suspended, IC Markets may exercise its discretion to determine a value. Due to the nature of CFDs, in common with industry practice for such financial products, IC Markets' discretion is unfettered and so has no condition or qualification. While there are no specific limits on IC Markets' discretions, IC Markets 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 IC Markets in the circumstances permitted by the Account Terms.
Regulatory bodies:	A Client may incur losses that are caused by matters outside the control of IC Markets. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the client by reason of the effect of those actions on the Underlying Instrument and so the terms of the Client's CFD. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the Underlying Instrument for the Client's CFD.
Dealing spread risk:	For CFDs where we have applied a spread amount to the quoted prices there may be circumstances where the spread that you were quoted when you opened your position is greater than the Spread applied when your position was Closed Out and vice versa. In such a scenario you may face greater costs in closing a position than anticipated. Furthermore, dealing Spreads may widen depending on market volatility and trading hours.
Volatility risk:	Financial markets can be volatile. Unpredictable events can occur and prices of the Underlying Instrument over a CFD is based may move rapidly on little trading volume. In such circumstances it may become very difficult, if not impossible, to execute Orders according to your instructions or at all, which could cause you to suffer a loss. In other circumstances there may be low trading volumes in the Underling Instrument to which your CFD relates and we may limit the size of the Orders that you are able to place, which may prevent you from fulfilling your desired trading strategy.
IC Markets' powers on default, indemnities and limitations on liability:	If you fail to pay, or provide security for, amounts payable to IC Markets or fail to perform any obligation under your Transactions, IC Markets has extensive powers under the Account Terms to take steps to protect its position. For example, IC Markets has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Account Terms you agree to indemnify IC Markets 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 a CFD Transaction. 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, in particular, due to faults in the Electronic Trading Platform or in the provision of data by third parties.

9.3 YOUR COUNTERPARTY RISK ON IC MARKETS

When you deal in IC Markets' CFDs, you have a counterparty risk on IC Markets, so you should consider your credit risk of IC Markets having the financial resources at the time to pay you the amounts it owes you.

Please note that IC Markets may not always fully hedge its CFD transactions with a Hedge Counterparty. IC Markets manages its hedges of its CFDs with its Hedge Counterparties on a portfolio basis.

Your credit risk on IC Markets

You have credit risk on IC Markets when your Account has a net credit balance made up from the amounts you pay as Margin, the Realised/Unrealised Profit of your CFDs, other amounts credited to your Account (from closed positions or Finance Charges credited to your Account), less fees and charges and the minimum required Margin.

Your credit risk on IC Markets depends on the overall solvency of IC Markets, which is affected by IC Markets risk management.

Please note that the moneys withdrawn from the CMTA are payments by the Client to IC Markets and so the moneys become the property of IC Markets.

From the time of the withdrawal from the CMTA the statutory protections ordinarily afforded by a CMTA are lost. Any moneys withdrawn that you may be entitled to are unsecured, as such, you become an unsecured creditor of IC Markets.

Please note that IC Markets does not use Client moneys to hedge any of its positions with its Hedge Counterparties. Those positions are funded by IC Markets' operating account.

Risks from IC Markets' Hedge Counterparty

It is possible that IC Markets' Hedge Counterparties or any custodian used by a Hedge Counterparty may become insolvent or it is possible that other clients of a Hedge Counterparty may cause a default which reduces the financial resources or capacity for that Hedge Counterparty to perform its obligations owed to IC Markets under the hedge contracts.

Since IC Markets is liable to you as principal on the CFD, IC Markets could be exposed to the insolvency of any Hedge Counterparty or other defaults which affect a Hedge Counterparty.

Counterparty Risk – Financial Resources

Since IC Markets is the CFD product issuer, you are exposed to the fi`nancial and business risk, including the credit risk associated with trading with IC Markets. If IC Markets becomes insolvent, IC Markets may be unable to meet its obligations to you.

IC Markets has risk management and compliance systems in place to manage risks including but not limited to financial, operational and credit risks.

IC Markets maintains a written policy to ensure it maintains adequate financial resources and complies with the financial requirements of its Australian Financial Services Licence. The steps that are taken to ensure this include:

- ensuring compliance with our financial obligations and licence conditions through conducting of an adjusted surplus liquid funds calculation in addition to cash flow projections;
- performing a daily client cash segregation calculation, ensuring we hold adequate cash in our CMTA in order to meet our obligations to Clients; and
- all client money is held in trust accounts that are separate to IC Markets' operating account.

The risks you have by dealing with IC Markets (due to it being paid all of your moneys deposited into the CMTA) cannot be simplistically assessed by reference to historical financial information about IC Markets or its Hedge Counterparty or general statements of principle.

The credit risk you have on IC Markets depends on its solvency generally, as well as on the amount (and kind) of its capitalisation, its cashflow, all of its business risks, its counterparty risks for all of its business and transactions (not just CFDs), its risk management and actual implementation of that risk management.

Your credit risk on IC Markets will fluctuate throughout the day and from day to day, including due to the implied credit risk on its Hedge Counterparties, whose credit risk to IC Markets (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 credit-worthiness of IC Markets.

IC Markets' latest audited annual financial statements are available for inspection at our offices (free of charge).

Payments to you in IC Markets Insolvency

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

- Any of your client moneys in the CMTA should be paid to you, after deduction for any amounts properly payable to IC Markets for the CFDs or which you have otherwise agreed are payable to IC Markets (and subject to any court orders to the contrary).
- IC Markets would review whether it can and should pursue recovery action against any of its Hedge Counterparties for any claim against them.
- The precise amounts and timing of payments will not be known until the net position with the Hedge Counterparties are known.
- The position of the Hedge Counterparties depends on what it recovers from its Hedge Counterparties and what it owes its clients.
- IC Markets will need to assess the amounts prudently available to pay CFD Clients, and may choose to pay out interim amounts.
- IC Markets will need to assess fair and reasonable allocation to CFD Clients, having regard to, for example amounts paid from the CMTA, Account balances and amounts recovered from a Hedge Counterparty.

Counterparty Risk – Hedging

The term 'hedging' refers to the process where a financial services provider such as IC Markets reduces their exposure by entering into a corresponding trade with another entity referred to as a Hedge Counterparty. IC Markets manages its hedges of its CFD with its Hedge Counterparties on a portfolio basis and so, for the purposes of disclosing this risk, we need to consider the selection procedures and counterparties used by IC Markets.

Before entering into a relationship with a new Hedge Counterparty, IC Markets undertakes a due diligence process. This process includes a review of a number of key factors that relate to the risk of dealing with the counterparty. These include the counterparty's credit worthiness, reputation, regulatory oversight, funding arrangements, reporting processes, reliability, technology, fees and charges.

You should note that:

- IC Markets' Hedge Counterparties have not been involved in the preparation of this PDS nor authorised any statement made in this PDS relating to it.
- IC Markets' Hedge Counterparties have no contractual or other legal relationship with you as holder of the CFD. Our Hedge Counterparties are not liable to you and you have no legal recourse against them (because IC Markets acts as principal to you and not as agent) nor can you require IC Markets to take action against our Hedge Counterparties.
- IC Markets gives no assurance as to the solvency or performance of any Hedge Counterparty. IC Markets does not make any express or implied statement about the solvency or credit rating of any Hedge Counterparty; however, we maintain a policy for managing the appropriateness of our counterparties.
- 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 licensed by the Australian Securities and Investments Commission or other regulatory body that gives no assurance that the Hedge Counterparty has good credit quality, or it will perform its obligations to IC Markets.
- The credit quality of a Hedge Counterparty can change quickly. IC Markets is not able to make assessments of the credit quality of its Hedge Counterparty which it can disclose and reports by independent credit rating agencies may not be available because of their lack of consent.

IC Markets is not authorised to set out in this PDS any further information published by a Hedge Counterparty and IC Markets 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 IC Markets before deciding whether to invest in CFDs, please first contact IC Markets for that information or view our list of hedge counterparties on our website.

Section 10 – Costs, Fees & Charges

IC Markets derives a financial benefit by entering into other transactions with other persons at different rates from those charged to the Client.

10.1 CFD TRANSACTION FEES

IC Markets may charge a Transaction Fee for entering into a Transaction, this will depend on your chosen Account type and the type of CFD you wish to transact in. A separate Transaction Fee may also be charged when a Transaction is closed.

The Transaction Fee for a particular transaction is calculated differently depending on the type of CFD. For example, for Share CFDs, the Transaction Fee is calculated by multiplying the Transaction Fee rate by the Contract Value of the CFD.

The calculation of Transaction Fees for each type of CFD are explained in the worked examples at section 11.

Foreign Exchange CFDs

For Foreign Exchange CFDs we charge a Transaction Fee per standard lot traded. The rate to determine the Transaction Fee is typically AUD $3.50 per standard Lot calculated in the base currency of your Account.

Example: You decide to go long on the Australian dollar (AUD) against the US Dollar (USD) AUD/USD, and ask for a quote for 5 Lots, the equivalent of USD 500,000 (Lot sizes are set out in the trading details of your Account).

We quote you 1.0498/1.0499 and you buy 5 Lots at 1.0499. Using a rate of $3.5 per Lot, the Transaction Fee would be $17.50 (5 x $3.50).

Index CFDs, Bond CFDs and Cryptocurrency CFDs

Index CFDs, Bond CFDs and Cryptocurrency CFDs are a Spread only product so you will deal at the Bid or Ask price. This means you will enter into these CFDs at the Ask price and Close Out at the Bid price. There are no additional Transaction Fees on these CFDs.

Commodity CFDs

Commodity CFDs cover a wide range of markets including metals, energies and agriculture. Metals CFDs will trade like Foreign Exchange CFDs and the Transaction Fee will typically be charged at a rate of AUD $3.50 per standard Lot, calculated in the base currency of your Account.

Share CFDs

The standard Transaction Fee for Share CFDs you will be charged per Transaction is typically 1% of the value of the Transaction. A minimum Transaction Fee or a minimum ticket Transaction Fee may apply depending on the ticket size. The Transaction Fee that you will be actually be charged is disclosed on your statement. The Transaction Fee accrues immediately upon execution of the Transaction, and will be reflected in the execution price in accordance with the Account Terms.

Please remember that because you are required to enter into one CFD Transaction to Close Out the existing CFD Transaction, there may be a Transaction Fee on the CFD Transaction used to close the position.

Example:

CFD Transaction value : 10,000 Share CFDs at $1 = $10,000 ($1 x 10,000)

Rate	:	1% (i.e., 10 basis points)
Transaction Fee	:	$10 ($1 x 10,000 x 0.001)

10.2 FINANCE CHARGE/FINANCE CREDIT ADJUSTMENTS

Finance Charges and Finance Credits are calculated daily on CFD positions held overnight and are dependent on the underlying market of the Underlying Instrument. Generally, if you hold a long position in a CFD overnight, you will be charged a Finance Charge. If you hold a short position in a CFD overnight, a Finance Credit will be applied to your Account.

The rates used to calculate the Finance Charge and Finance Credit can be found on the Electronic Trading Platform and are displayed as swap long/short points or interest rates.

See section 11 for trading examples (which include Finance Charges and Finance Credits).

Foreign Exchange CFDs

Foreign Exchange CFDs will be charged a Finance Charge or applied a Finance Credit daily. Three (3) times the Finance Charge or Finance Credit will be applied on Wednesdays to account for the weekend.

Finance Charge and Finance Credit adjustments for Foreign Exchange CFDs, which reflect the relative interest rates of the currencies concerned, are calculated according to the formula:

Financing Charge/Finance Credit = Lots * swap points [long or short] * point size

See the worked examples in section 11 for further information.

Index CFDs

The rates used to calculate the Finance Charge and Finance Credit can be found on the Electronic Trading Platform and are displayed as swap long/short points.

The swap long/short points for Index CFDs are calculated using the formula:

Swap long/short points = Index (closing) price x Interest rate/360

then, to calculate the Finance Charge or Credit, you apply the following formula:

Financing Charge/Finance Credit = Lots * swap points [long or short]

See the worked examples in section 11 for further information.

Commodity CFDs

Commodity CFDs over spot markets will be charged a Finance Charge or applied a Finance Credit daily. Three (3) times the Finance Charge or Finance Credit will be applied on Wednesdays to account for the weekend.

Commodity CFDs over futures markets will **not** attract a Finance Charge or Finance Credit.

The rates used to calculate the Finance Charge and Finance Credit can be found on the Electronic Trading Platform and are displayed as swap long/short points.

Finance Charges and Finance Credits are calculated according to the formula:

Financing charge/credit = Lots * swap points [long or short] * point size

See the worked examples in section 11 for further information.

Bond CFDs

Since the Underlying Instrument of all our Bonds CFDs are futures contracts, there are no Finance Charges or Finance Credits applicable to our Bond CFDs.

Cryptocurrency CFDs

Cryptocurrency CFDs will be charged a Finance Charge or applied a Finance Credit daily. Three (3) times the Finance Charge or Finance Credit will be applied on Fridays to account for the weekend.

The rates used to calculate the Finance Charge and Finance Credit can be found on the Electronic Trading Platform and are displayed as an interest rate.

The Finance Charges and Finance Credits are calculated according to the formula:

Financing Charge/Finance Credit = lots x market (closing) price x interest rate/360.

See the worked examples in section 11 for further information.

Share CFDs

Share CFDs will be charged a Finance Charge or applied a Finance Credit daily. Three (3) times the Finance Charge or Finance Credit will be applied on Fridays to account for the weekend.

The rates used to calculate the Finance Charge and Finance Credit can be found on the Electronic Trading Platform and are displayed as an interest rate.

The Finance Charges and Finance Credits are calculated according to the formula:

Financing Charge/Finance Credit = (number of shares) x (market (closing) price) x (interest rate)/360.

See the worked examples in section 11 for further information.

10.3 SWAP FREE/ISLAMIC ACCOUNTS

If you have chosen to open an Account (during the Account application process) which is a swap free/Islamic account, your Accounts will **not** be credited with any Finance Credit nor debited for any Finance Debit for Open Positions held overnight. Fees and charges for swap free/Islamic accounts are available on our website www.icmarkets.com

10.4 INTEREST ON CASH BALANCES

You do not receive interest on moneys held for you in the CMTA. The default position is that IC Markets does not pay any interest on cash balances in your Account unless otherwise agreed in writing.

10.5 BANK FEES

Certain payment options will attract a fee, the fee amount for each payment type is disclosed on our website at www.icmarkets.com.

The account funding charges are merchant fees that we are charged by the banks that we deal with. IC Markets in its absolute discretion may elect to pass these fees onto you. Please be aware that you may incur fees imposed on your Transaction by your bank or intermediary banks. IC Markets is not responsible for these additional charges.

10.6 CONVERSION FEE

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

Opening CFD Transaction Value: Buy 10,000 Share CFDs at £1 = £10,000

(£1 x 10,000)

Closing CFD Transaction Value: Sell 10,000 Share CFDs at £2 = £20,000

(£2 x 10,000)

Realised Profit and Loss : AUD $16,300

(using GBP/AUD 1.6300 to convert £10,000)

10.7 STOCK BORROW FEES

IC Markets may charge you for the cost of our stock borrow charges in the event of being charged any such fees from our Hedge Counterparty. We will notify you of any such charges should they be incurred by us.

10.8 EXTERNAL FEES, TAXES AND CHARGES

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by IC Markets). Bank charges and fees imposed on IC Markets to clear your funds or in respect of your payments will also be charged to your Account.

The Account Terms may allow IC Markets to impose other fees or charges from time to time which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the CFD itself). For example, you may be required to pay royalty or similar charges set by data providers or Exchanges (e.g. the ASX) for your use of information feeds or for online transaction services. IC Markets may debit these amounts from your Account.

Section 11 – CFD 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 – these are just hypothetical examples.

11.1 Share CFDs

A Share CFD allows you to gain exposure to movements in the price of the Underlying Instrument that you would obtain directly from owning the share itself. CFDs over shares held overnight will incur a Finance Charge which may work in your favour or against you depending on whether you are long or short. A commission that is a percentage of the value of the Share CFD Transaction is charged.

Opening and closing a 'long' Equity/Share CFD Contract

Opening the position

BHP Billiton Limited shares are quoted at $28.50/$28.60 on the Exchange, and you believe that their price will rise. You decide to 'buy' 1,000 Share CFDs at $28.60, the Ask price. While your BHP Billiton Limited position remains open, your Account is to be debited to reflect interest adjustments and credited to reflect any dividends.

Closing the position

Some weeks later, BHP Billiton Limited has risen to $32.00/32.10 on the Exchange and you decide to take your profit. You sell 1,000 Share CFDs at $32.00/CFD, the Bid price. Your profit on the Transaction is calculated as follows:

Closing level:	$32.00
Opening level:	$28.60
Difference:	$3.40
Gross profit on Transaction:	$3.40 x 1,000 = $3,400

Initial Margin

The Initial Margin required to open your position was 10% x $28.60 x 1,000 = $2,860.

Finance Charge adjustments

Interest costs (imposed by way of the Finance Charge) are calculated daily on positions held overnight by applying the applicable interest rate to the daily Closing Value of the Open Position. The daily Closing Value is the number of shares multiplied by the Closing Price.

For example, the applicable interest rate of the Finance Charge might be 8.00% p.a. and the Closing Price of the share on a particular day might be $29.00. The Closing Value of a 1,000 Share CFD position would be $29,000 (i.e., 1,000 equity units x $2.90). So, the interest cost for the position for this particular day would be $6.44 (i.e., $29,000 x 8.00%/360). Finance Charge adjustments are calculated and posted to your Account on a daily basis.

Transaction Fee

For Share CFDs, a Transaction Fee is payable on the opening and closing Transaction value. In the above example (and using a Transaction Fee rate of 0.1%) the Transaction Fee payable would be:

Opening value	=1,000 x 28.60 x 0.1% = $28.60
Closing Value	=1,000 x $32.00 x 0.1% = $32.00.
Total Transaction Fee	=$60.60

There is no GST payable on CFD Transactions.

Calculating the overall result

To calculate the overall or net profit on your CFD Transaction you have to take into account the Transaction Fees you have paid and the interest (Finance Charges) and dividend adjustments that have been credited or debited.

In the above example, you might have held the position for 21 days, at a total interest cost of $162. During this time if BHP Billiton Limited declared a cash dividend of $0.60 cents per share your Account would be posted with a credit for a dividend adjustment of $600 (1,000 x $0.60).

Here is a summary (this and later summaries exclude the effect of tax on your financial situation):

Gross profit on Transaction:	$3,400
Total Transaction Fees:	($60.60)
Interest (Finance Charge) adjustment:	($162)
Dividend adjustment:	$600
Net profit on Transaction:	$3,777.40

Opening and closing a 'short' or 'sold' Equity/Share CFD Contract

Opening the position

It is July and you think Commonwealth Bank of Australia shares are about to fall. The share is quoted on the Exchange at $76.40/$76.80. You sell 1,000 Share CFDs at $76.40, which is the Bid price at the time.

Using a Transaction Fee rate of 0.1%, it would be $76.40 (1,000 x $76.40 x 0.1%). Your Margin for this Transaction is $7,640 (1,000 x 76.40 x 10%). Your Account balance is currently $50,000 before this Transaction takes place.

Because you have taken a short position, in this example your Account is credited to reflect interest adjustments and debited to reflect any dividends. Finance Charge and Finance Credit adjustments are made by either crediting or debiting your Account.

Finance Charge adjustments

The Finance Charge or Finance Credit on your position is calculated daily, by applying the applicable interest rate to the daily Closing Value of the Open

Position. In this example, the applicable interest rate of the Finance Charge might be 3.00% and the Closing Price of the shares on a particular day might be $76.00, giving a Closing Value of $76,000 (i.e., 1,000 x $76.00). So the Finance Credit for the position for this particular day would be $6.33 (i.e. $76,000 x 3.00%/360).

Dividend adjustment

At the end of August your position is still open at the time of the Commonwealth Bank of Australia ex-dividend date. The amount of the declared cash dividend is $0.80 cents per share and this is debited from your Account. The adjustment is calculated as follows: 1,000 x $0.80 = $800.

Closing the position

By early September, Commonwealth Bank of Australia has risen to $79.00/79.40 on the Exchange and you decide to cut your loss and close the position. You buy 1,000 Share CFDs at $79.40/CFD, the Ask price. The Transaction Fee on the Transaction is 0.1% or $79.40 (1,000 x $79.40 x 0.1%).

Your gross loss on the Transaction is calculated as follows:

Closing level:	$79.40
Opening level:	$76.40
Difference:	-$3.00
Gross loss on Transaction:	-$3.00 x 1,000 = ($3,000)

Calculating the overall result

To calculate the overall or total loss on the Transaction you also have to take account the Transaction Fees you have paid and the Finance Charges and dividend adjustments.

In this example, you might have held the position for 65 days, earning a total Finance Credit of $411.45. Your Account has been debited for a dividend adjustment of $800. The overall or total result of the Transaction is a loss, which is calculated as follows:

Gross loss on Transaction:	($3,000)
Total Transaction Fee:	($155.80)
Finance Charge adjustment:	$411.45
Dividend adjustment:	($800)
Overall or total loss:	($3,544.35)

11.2 Index CFDs

Trading in Index CFDs allows you to gain exposure to a large number of different shares in one single transaction. They can be used to take positions on the direction of a whole market without taking a view on the prospects for any particular company's shares. A short position can be used as a rough, low-cost, hedge to protect a diversified share portfolio against market falls.

An Index CFD works in the same way as a Share CFD in that they allow you to make a profit or loss by reference to fluctuations in the value of the underlying index, such as the S&P/ASX 200 Index. There will be a Transaction Fee payable on opening or closing an Index CFD. A Finance charge may be payable or receivable and in the case of cash Index CFDs dividend adjustments may be applicable.

When dealing in Index futures CFDs there are no adjustments for dividends, however a price adjustment may be made upon expiry of the underlying futures contract over which the Index CFD is based. An Index CFD is an open ended contract that is not subject to an expiry date however an adjustment may be made when the underlying futures contract expires and a new contract commences.

Index CFDs are opened in the same way as individual share/equity CFDs. You will be required to pay Margin. Details of how this will be calculated are set out below.

The Margin requirements for Index CFDs is available from us and can be found on the Electronic Trading Platform.

Index CFDs (Cash) Example

Buying the Index CFD (Cash)

The ASX 200 Index CFD is trading at 4450-4451, you believe that the S&P™/ASX 200™ (**AUS200**) Index will rise as a result you buy 10 Index CFDs at 4451.

Two days later the AUS200 Index is trading at 4470-4471 and you decide to take your profits and close your position by selling 10 AUS200 Index CFDs at 4470.

Your profit or loss calculates as follows:

Interest Rate	: 6.75% (RBA rate plus 2%)
Daily Closing Price (mark-to-market price)	: 4451

Buy Opening Level	: (10 x 4451)	= $44,510
Sell Closing Level	: (10 x 4470)	= $44,700
Difference	: (44,700 – 44,510)	= $190.0
Financing Adjustment	: [$44,510 x (6.75% / 360)] x 2	= ($16.69)
Gross Profit on Transaction	:	= $173.31

Example of an Index CFDs dividend adjustment

When dividends are paid, the share price drops and these need to be adjusted for in the price of our cash Index CFDs.

The adjustment may even be made the night before the *ex*-dividend date in order to maintain a fair and orderly market.

For example, BHP Limited (**BHP**) announces a dividend of $0.35 cents per share and is the only company in the AUS200 Index that day to pay a dividend. BHP's share price closes on the night before the *ex*-dividend date at $35.00. All things being equal a company's share price will fall by the price of the dividend being paid so when the share's start trading *ex*-dividend, they should open up 35 cents lower at $34.65 on the morning of the *ex*-dividend date.

If BHP constitutes 10% of the AUS200 Index and assume for this illustration that the AUS200 Index is at 4000 then BHP represents 400 points of the value of the AUS200 Index. With BHP priced at $35.00/share, a 1 point movement in its own share price equates to 0.11 AUS200 Index points. Therefore, a $0.35 cent movement in BHP's share price should equate to a 4 point movement in the AUS200 Index.

IC Markets would charge or credit Clients' Accounts with the appropriate amount of the dividend amount depending on their respective holdings (long or short) at that time of the adjustment.

Interest

Interest is imposed by way of the Finance Charge adjustments on the Account. Interest with respect to cash stock Index CFDs is calculated and charged on a daily basis at the Base Rate of interest. The Base Rate is set by IC Markets from time to time, variable without prior notice.

Stock Index CFD positions held at market close on a Friday will incur 3 days of Finance Charges for the weekend.

11.3 Foreign Exchange CFDs

Foreign exchange CFDs (Foreign Exchange or Forex) allows you to gain exposure to price movements in currency rates. The prices of the Foreign Exchange CFDs we quote are derived from the price feeds from the banks and financial institutions that we deal with.

Foreign Exchange CFDs are opened in the same way as other CFDs. We will quote a Bid and Ask price for a currency exchange rate. For example, we might quote the GBP against the USD as 1.5048/1.5050. If you thought the GBP was going to rise against the USD, you would 'buy' the CFD at 1.5050. If you thought the GBP was going to fall against the USD, you would 'sell' the CFD at 1.5048.

You can close your position in much the same way. If the CFD is a buy, the closing level will be the lower figure quoted by us; if the CFD is a sell it will be the higher figure. The swap rate that is applied to a Transaction will be **tripled** for positions held over the Wednesday to Thursday rollover period.

Details of currency trading sizes, margin requirements and swap rates (Finance Charges) are set out in the Trading Conditions and are shown on the Electronic Trading Platform. The default contract size is 1 standard lot which is equivalent to 100,000 units however this can be as low as 0.01 standard lots or 1000 units.

Examples of Foreign Exchange or Forex CFDs

Buying AUD/USD

Opening the position

You decide to go long on the Australian dollar (AUD) against the US Dollar (USD) AUD/USD, and ask for a quote for 5 lots, the equivalent of 500,000 units (lot sizes are set out in the trading details and in your Account). We quote you 1.0498/1.0499 and you buy 5 lots at 1.0499. Using a Transaction Fee rate of $3.5 per lot, the commission amount payable to us would be $17.50 (5 x $3.5).

Finance Charge and Finance Credit adjustments

When you hold a position overnight, your Account is debited or credited the overnight swap or rollover rate (otherwise known as the Finance Charge or Finance Credit).

The swap or rollover rate is simply the interest rate differential between the interest rates offered by the country's whose currency you are trading plus or minus a spread applied by IC Markets.

For example, if the interest rate is higher in Australia than in the United States you would earn interest on AUD positions held overnight, you could do so by buying or "going long" the AUD/USD pair. In the case of you selling or "going short" the same pair you would be liable to pay the swap rate should the position be held past 5:00 p.m. EST New York (end of day).

In circumstances where two interest rates are near parity, almost equal to each other, a swap charge may be imposed for both long and short positions. A double negative swap rate implies that there is no interest advantage gained by borrowing in one currency to invest in the other.

For example, if you go long AUD/USD and the overnight interbank rate for AUD/USD in swap points is -0.00005, we would display this in the Electronic Trading Platform as +5 points. An amount for a financing spread may then be added or subtracted depending on whether you are earning or paying interest on the CFD Transaction. If a financing spread is applied, this will already be included in the long/short swap points on the Electronic Trading Platform.

In this case, a long AUD/USD position would be earning interest (swap), so a financing spread of 0.2 points would be subtracted from 5 points. The net swap payable would then be 4.8 points.

Foreign Exchange CFD example:

You Buy 1 (100,000) Foreign Exchange CFD over the AUD/USD currency pair which you hold overnight. The overnight interbank rate for AUD/USD is 5 points for long AUD/USD positions and -5.5 points for short positions.

Using this formula:

Financing Charge/Finance Credit = Lots * swap points [long or short] * point size

Where lots = 1 (100,000 = 1 lot)

Swap points = 5

Point size = $1 (since the 5th decimal place = 1 point on AUD/USD and this is equal to USD1.00)

= 1 * 5 * 1

= USD$5.00

This amount would be calculated at rollover and, since it is a positive figure, USD$5.00 would be credited to your Account.

If you had sold in the above example as opposed to buying, you are long the quote currency and short the base currency. This means long the USD rate and short the AUD rate, i.e., you would pay a swap.

Financing Charge/Finance Credit = Lots * swap points [long or short] * point size

= 1 * -5.5 * 1

= -USD$5.50

This amount would be calculated at rollover and –USD$5.50 would be debited from your Account.

Closing the position

Later, AUD/USD has risen to 1.0598/1.0599, and you take your profit by selling 5 lots at 1.0598. Using a Transaction Fee rate of USD$3.5 per lot, it would be $17.50 (5 x $3.50). Your gross profit on the Transaction is calculated as follows:

Closing transaction:	500,000 (5 contracts) x 1.0598 =
	USD 529,900
Opening transaction:	500,000 (5 contracts) x 1.0499 =
	USD 524,950
Gross profit on Transaction:	USD 4,950

Calculating the overall result

To calculate the overall or net profit, you also have to take account of the swap rate (Finance Charge) credit. In this example, you might have held the position for 20 days, earning a total Finance Credit of USD 100.00:

Gross profit on Transaction:	USD 4,950
Interest credit:	USD 100.00
Gross profit:	USD 5,050.00
Total Transaction Fees:	35.00
Net profit:	USD 5,015.00

You can choose which currency you wish to hold your Account balance in. Exchange rates are subject to fluctuations and Clients should always be aware of the effect that exchange rates will have on their positions.

There may be circumstances where IC Markets agrees to quote a spread rather than charge commission for its Foreign Exchange CFDs. The spread would be wider than the spread in the prices of the Underlying Instrument. The amount of the spread affects the prices for opening and closing your positions (not a separate fee).

11.4 Cryptocurrency CFDs

Buying XBT/USD

Opening the position

You decide to go long on BitCoin (XBT) against the US Dollar (USD) XBT/USD, and ask for a quote for 5 contracts, the equivalent of 5 BitCoins (lot sizes are set out in the trading details in your Account). We quote you 11,500/11,540 and you buy 5 lots at 11,540.

Finance Charge and Finance Credit adjustments

Interest costs (imposed by way of the Finance Charge) are calculated daily on positions held overnight by applying the applicable interest rate to the daily Closing Value of the position.

The daily Closing Value is the number of cryptocurrency multiplied by the Closing Price. For example, the applicable interest rate of the Finance Charge might be 20.00% p.a. and the Closing Price of the cryptocurrency on a particular day might be $11,500. The Closing Value of a 5 cryptocurrency CFD position would be $57,500 (i.e., 5 cryptocurrency units x $11,500). So, the interest cost for the position for this particular day would be $31.94 (i.e., $57,500 x 20.00%/360). Finance Charge adjustments are calculated and posted to your Account on a daily basis.

Cryptocurrency CFD example:

You buy 1 Cryptocurrency CFD over the XBT/USD cryptocurrency which you hold overnight. The interest is determined by Hedge Counterparties and are usually much higher that interbank lending rates to reflect the greater risk for holding this product. A rate of 20% per annum is quoted.

Using the financing equation:

F = [P x C x R] / 360
Where Closing Price P=11,500, Number of Contracts C=5, applicable interest rate, R = 20.00%:
F = [11,500 x 5 x 20.00%]/360 = USD $31.94

This amount would be calculated at rollover and USD31.94 would be debited from your Account.

Closing the position

Later, XBT/USD has risen to 12,000/12,040 and you take your profit by selling 5 lots at 12,000. Your gross profit on the Transaction is calculated as follows:

Closing transaction:	5 (contracts) x 12,000 =
	USD $60,000
Opening transaction:	5 (contracts) x 11,540 =
	USD $57,700
Gross profit on Transaction:	USD $2,300

Calculating the overall result

To calculate the overall or net profit, you also have to take account of the Finance Credit. In this example, you might have held the position for 20 days, paying a total Finance Charge of USD $638.80:

Gross profit on Transaction:	USD $2,300
Interest debit:	USD $638.80
Gross profit:	USD $1661.20
Net profit:	USD $1661.20

You can choose which currency you wish to hold your Account balance in. Exchange rates are subject to fluctuations and Clients should always be aware of the effect that exchange rates will have on their positions.

There may be circumstances where IC Markets agrees to quote a spread rather than charge commission for its cryptocurrency CFDs. The spread would be wider than the spread in the prices of the Underlying Instrument. The amount of the spread affects the prices for opening and closing your positions (not a separate fee).

Section 12 – General Information

12.1 ACCOUNT CURRENCY

Each Account will be denominated in the currency that you have selected as permitted by IC Markets from time to time.

If you instruct IC Markets to effect a Transaction denominated in a currency different from the denomination of your Account currency, IC Markets 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.

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 IC Markets.

12.2 DISCRETIONS

IC Markets 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 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, any Variation Margin, minimum Margin cover requirements, the time to meet any changed Margin requirement;
- determining values of CFDs (for opening and closing positions and for determining Margin);
- setting prices; and
- closing your positions and setting the Closing Price.

You should consider the significant risks that arise from IC Markets exercising its discretions.

Our other discretions include:

- setting our fees and interest rates (Base rate, financing rate and swap rate);
- adjusting CFDs for adjustments made by the Exchange to the Underlying Instrument;
- 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.

12.3 POLICIES

IC Markets has a number of policies that can affect your CFD investments. The policies are guidelines that IC Markets (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.

A summary of our key policies are available by contacting us, which we will send you by email free of charge.

Our key policies relevant to our products currently are:

- client suitability policy;
- client moneys policy;
- risk management policy (to the extent it applies to Clients, hedging and Hedge Counterparties); and
- conflicts of interests management policy

12.4 MARKET CONDUCT

All financial services providers (including IC Markets) have legal obligations relating to market conduct. IC Markets 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 2001. It is the Client's responsibility to be aware of unacceptable market practices and the legal implications.

A Client may be liable for penalties to regulators such as ASIC or be liable to IC Markets for costs to IC Markets arising out of those trading practices of the Client which lead to the Client, IC Markets or any other person suffering loss or penalty.

12.5 ANTI-MONEY LAUNDERING LAWS

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

12.6 ABOUT IC MARKETS

IC Markets is an Australian owned investment company. Further information about IC Markets is available on its website at www.icmarkets.com.

12.7 TAXATION IMPLICATIONS

CFDs 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 information should be regarded as **general information only**.

Australian Taxation regime for CFDs

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs. A copy of Taxation Ruling 2005/15 is available from the ATO's website www.ato.gov.au. Potential investors should note that this is a public ruling for the purpose of Part IVAAA of the Taxation Administration Act 1953 (Commonwealth) and therefore, if the ruling applies to the investor, the Commissioner of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall. The following statements do not set out all of the content of the Taxation Ruling and there might be other taxation aspects that are relevant to your particular circumstances.

Profits and losses on CFDs

Any gains derived, or losses incurred by you in respect of a CFD ordinarily should be included in your assessable income. 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. If you hold your CFDs for the purpose of trading, you should seek independent taxation advice relevant to your circumstances.

Tax file number withholding rules

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

Other fees, charges or commissions

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

Taxation of Financial Arrangements (TOFA)

The Australian laws on taxation of financial arrangements have rules (**Rules**) for determining the timing of gains and losses that arise in respect of financial arrangements. The rules provide that gains and losses from financial arrangements will be deemed to be a revenue amount for tax purposes.

The Rules are particularly important because it will have an impact on when a taxable gain or loss is recognised. This will affect your taxable income for the year and hence increase or decrease the tax payable.

The Rules could apply to the financial transactions made in CFDs; however, it excludes (i) individuals; (ii) superannuation funds and managed investment schemes whose total assets are less than $100 million and (iii) and other entities with a turnover which is less than A$100 million or other threshold tests, unless any of these persons elect to be treated by TOFA. You should seek independent taxation advice relevant to your circumstances.

Goods and Services Tax

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of CFDs are not subject to goods and service tax, in accordance with Australian Taxation Office Goods and Services Tax Ruling GSTR 2005/3, available from www.ato.gov.au.

12.8 COOLING OFF

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

12.9 ETHICAL CONSIDERATIONS

CFDs made under the Account do not have an investment component within the meaning of the Corporations Act for this purpose. Labour standards or environmental, social or ethical considerations are not taken into account by IC Markets when making, holding, varying or closing out CFDs.

12.10 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.

12.11 IC MARKETS INSURANCE

IC Markets has the benefit of a comprehensive insurance policy in place to cover a variety of different scenarios, some of which may assist in the repayment of deficits arising if there is fraudulent activity by one of IC Markets' 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, IC Markets may not be able to make the payments it owes to you.

12.12 DISPUTE RESOLUTION

IC Markets wants to know about any problems you may have with the service provided to you, so we can take steps to resolve the issue. IC Markets has an internal and external dispute resolution procedure to resolve complaints from clients who receive financial services. A copy of this procedure may be obtained by contacting us and requesting a copy (free of charge).

If you have a complaint about the financial product or service provided to you, please take the following steps:

1. Contact IC Markets and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
2. If you make a complaint in writing (which is not compulsory), we will acknowledge receipt of your complaint within 2 business days.
3. If your complaint is not satisfactorily resolved, within five (5) business days of receipt of your initial complaint, please put your complaint in writing and send it to the Compliance Department at:

   International Capital Markets Pty Ltd
   Level 6, 309 Kent Street
   Sydney NSW 2000

   IC Markets will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within ten 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 unless we advise you that we require more time due to the nature of your complaint or other reasonable consideration.
4. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service Ltd (**FOS**) (which will form part of the new Australian Financial Complaints Authority from 1

July 2018), 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

IC Markets is a member of the FOS complaints resolution scheme, membership number 13527. The service provided to you by FOS is free.

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

12.13 PRIVACY

All of the information collected by IC Markets, in the application form or otherwise, is used for maintaining your Account and for the purpose of assessing whether you would be suitable as a Client.

IC Markets has obligations under and has procedures in place to ensure its compliance with, the Privacy Act 1988 (Commonwealth).

Significantly, these include the following:

1. Collecting personal information

In collecting personal information, IC Markets is required to collect only information which is necessary for the purpose described above and 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, IC Markets also collects information on directors of a corporate client or agents or representatives of the client. IC Markets may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

IC Markets may take steps to verify information given to it, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although IC Markets may disclose this information to its related bodies corporate if you intend to use the services of any of those related bodies corporate.

2. Using the personal information

Once IC Markets has collected the information from you, IC Markets 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 of IC Markets if you use, or intend to use, services of those other corporations;
- any organisations to whom IC Markets outsources administrative functions;
- brokers or agents who refer your business to IC Markets (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 IC Markets (subject to permitted exceptions), by contacting IC Markets. We may charge you for that access.

As IC Markets 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.

3. Retaining personal information

IC Markets has implemented and maintains secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure.

The information will be destroyed or de-personalised if IC Markets no longer requires the information for the purpose referred to above.

Section 13 – Glossary

Account means your account with IC Markets established under the Account Terms, including all trading accounts and Transactions recorded in them, for using the Electronic Trading Platform. Your Account may consist of one or more trading Accounts.

Account Terms means the terms of your Account with IC Markets 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 IC Markets by combining:

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

This term may be referred to as "equity" on the Electronic Trading Platform.

AEST means Australian eastern standard time.

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

ASIC means the Australian Securities and Investments Commission.

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

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

Base Currency is the first currency quoted when requested a quote for a Foreign Exchange CFD.

Base Rate means the amount nominated by IC Markets for this term from time to time, as notified to you (including through the Electronic Trading Platform) or posted on its website. Unless otherwise specified from time to time, it is expressed as an annual rate accruing daily based on a year of 360 days.

Bid means the price which IC Markets as the buyer is willing to accept i.e., the price at which you can sell the CFD.

Bond CFD means a CFD whose Underlying Instrument is a bond or similar fixed income securities issued by a government, government entity, a bank or other entity.

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

CFD means an OTC derivative contract for the parties to pay in cash the difference in prices of Underlying Instruments on the terms of the Account.

Claims is used in this PDS to refer to all of the benefit of IC Markets' claims against the Hedge Counterparty arising out of the hedge contracts.

Client refers to the person who has the Account.

Client Money Rules means the relevant provisions of the Corporations Act (including its related regulations), and relevant ASIC instruments in relation to Australian financial services licensees dealing with client moneys (including the new laws and regulations that come into effect on and from 4 April 2018).

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

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

Closing Price means the closing price (or, if an index, level) of the Underlying Instrument.

Closing Value means the value determined by multiplying the number of CFDs by the value or level of the CFD's Underlying Instrument at the Closing Date.

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

Commodity CFD means a CFD (issued by IC Markets pursuant to the Account Terms) whose Underlying Instrument is a Commodity Transaction.

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 CFD, and is calculated by IC Markets by multiplying the price (or, if an index, the level) of the relevant Underlying Instrument by the number of securities (or, if an index, multiplier) specified in or for the purposes of the CFD.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Cryptocurrency CFD means a CFD whose Underlying Instrument is a cryptocurrency.

Current Market Price is the price available to IC Markets from its Hedge Counterparties, which may be a delayed price depending on whether you have subscribed for live pricing.

Day Order means an order for a Transaction which expires at the close of the Business Day's trading in the Exchange where the Underlying Instrument over which the CFD is offered is traded.

Electronic Trading Platform means any of the online trading platforms provided by IC Markets for accessing your Account and placing Orders.

ECN means electronic communication network The nature of this facility is a fast, automatic Order placement and pricing within a competitive market.

EST means eastern standard time.

Exchange means the market operated by the ASX, ASX 24 operated by Australian Securities Exchange Limited (ABN 83 000 943 377), the Australian Clearing House operated by ASX Clearing Corporation Limited (ABN 45 087 801 554), or any other exchange or market in which IC Markets participates from time to time, whether directly or through agents or other market participants.

Finance Charge means an amount you pay in respect of your Transaction held overnight, in accordance with the Account Terms. Sometimes this is referred to as a "swap" rate or "rollover" rate.

Finance Credit means an amount you receive from us in respect of your Transaction held overnight, in accordance with the Account Terms.

Foreign Exchange CFD means a CFD issued by IC Markets whose Underlying Instrument is foreign exchange contract.

FSG means financial services guide.

Futures Contract means a financial product traded on a futures Exchange whose specifications determine the terms of the relevant futures derivative. For example, the terms of a futures derivative whose Underlying Instrument is the ASX/SPI 200 Index™ will be determined based on the specifications of that Futures Contract.

Hedge Counterparty means a person with whom IC Markets enters into a hedge contract to hedge IC Market's exposure to a CFD.

IC Markets means IC Markets Pty. Ltd. ABN 12 123 289 109; Australian Financial Services Licence No. 335 692.

Index CFD means an IC Markets CFD whose Underlying Instrument is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange. The S&P™/ ASX 200™ (AUS200) is an example, so an AUS200 index contract is an IC Markets CFD whose Underlying Instrument is the S&P™/ ASX 200™ and the values are based on the index levels of the S&P™/ ASX 200™. The index sponsor has no involvement in the IC Markets Index CFD.

Initial Margin means the amount which you are required to pay to IC Markets as the initial Margin cover for any Transaction which you propose to enter into.

Limit Order is an Order to buy or sell at a specified price or better.

Lot means the unit that represents the volume of a Transaction taking into consideration the Contract Value. It can be represented as a portion of a Lot subject to the minimum lot size, for example (0.1 of a Lot) being a mini Lot or (0.01 of a Lot) being a micro Lot.

Margin means the amount of money (or money's worth) paid to IC Markets and credited to your Account as margin.

Margin Closeout means the automatic Close Out of all of your Open Positions which occurs if the Account Value reaches a certain level as described in this PDS.

Non-margin product means an IC Markets issued financial product (or other Transaction) which has a Margin requirement equal to the full Contract Value (i.e. 100%) of the Underlying Instrument. This means there will be no later Margin requirement for that product (unless in respect of an instalment payment on an Underlying Instrument which is a partly paid security). This product could be a synthetic equity.

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

Opening Price means the opening price (or, if an index, level) of the Underlying Instrument.

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

OTC means over-the-counter.

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

Points or **Pips** means in the context of a foreign exchange contract, the smallest increment by which a foreign exchange contract's price changes and is quoted depending on the number of decimal places the currency is quoted. For example, on a USD/JPY Transaction, which is quoted with only two decimals (meaning one Pip = JPY 0.01).

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.

(This term may be described as "Floating Loss" on the Electronic Trading Platform).

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.

(This term may be described as "Floating Profit" on the Electronic Trading Platform).

Share CFD means a CFD whose Underlying Instrument is a share (or security).

Spread means the difference between the Bid price and the Ask price of a CFD.

Stop Order is an Order which is triggered when the price or level reaches a particular price/level (the stop price). Once the price/level has reached this price, a Stop Order essentially becomes a market order which is acted on.

Trading Conditions means the operational rules and conditions relating to the Electronic Trading Platform. It includes information relating to fees, spreads and commissions, interest, Margin, contract specifications and any other details relating to a CFD.

Transaction means any of the kinds of OTC contracts (including CFDs) which are traded under the Account Terms.

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

Underlying Instrument means any security, financial product, foreign exchange, cryptocurrency, commodity, index or other item (or any combination of one or more of those) the subject of a Transaction, including a value determined by reference to an index or an index multiplied by an amount of currency, in any jurisdiction, whether or not through an Exchange or other market facility. References in this PDS to an Underlying Instrument which is a share or other similar equity financial product also apply when the Underlying Instrument is different, for example, a futures contract, an exchange traded option, a currency (or pairs of currencies) (with any necessary adaptation to the particular kind of Underlying Instrument).

Variation Margin means an amount which you are required to pay to IC Markets as additional Margin cover.

We or **Us** refers to IC Markets.

Withdrawable Funds means the amount calculated by IC Markets as the amount of cash which would be paid to you from the Account if requested. For CFDs covered by this PDS, the Withdrawable Funds is calculated based on:

- the Withdrawable Funds of the Account, being:
    - the cash balance of the Account (if any); plus
    - the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Account; minus
    - the value of all Margin cover requirements for all Transactions on the Account (including all trading Accounts).

The amount is subject to final adjustment by IC Markets at any time including immediately after payment of cash to you for any reason whatever, including changes in the value or level of Underlying Instrument, interest rates, currency rates, and unposted (or unreported) but accrued dividend or corporate action adjustments, Finance Charges or Transaction Fees.

You means the person who is the Client.