

**Global Prime – CONTRACTS FOR DIFFERENCE
PRODUCT DISCLOSURE STATEMENT**

Global Prime Pty Limited

ABN 74 146 086 017

Australian Financial Services Licence No. 385 620



2 May, 2011

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Section 1 – Important Information

THIS PDS

This Product Disclosure Statement (**PDS**) is dated 2 May 2011 and was prepared by Global Prime Pty Limited ABN 74 146 086 017 (**Global Prime**); Australian Financial Services Licence No. 385 620. Global Prime is the issuer of over-the-counter contracts for differences (**CFDs**) described in this PDS. It describes the key features of CFDs, their benefits, risks, the costs and fees of trading 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. CFDs) offered by other issuers.

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

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 Global Prime or we keep in trust for you. We may ask you to pay amounts in excess of those amounts to cover any shortfall. Your liability on short 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 these 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.

GLOBAL PRIME DOES NOT GIVE PERSONAL ADVICE

Global Prime 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 and 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. Global Prime recommends that you consult your adviser or obtain independent advice before trading.

YOUR SUITABILITY TO TRADE CFDs

If we ask you for your personal information to assess your suitability to trade CFDs and we accept your application to trade CFDs, this is not personal or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for our purposes of deciding whether to open an Account for you and is separate from your decision to trade CFDs. You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether these CFDs or any particular CFD Transactions are suitable for you.

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.globalprime.com.au). A copy of this PDS and the Account Terms can be downloaded from the website or you can call Global Prime 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 (at www.globalprime.com.au) 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.

CONTACT

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Section 2 – Features

Key Information

KEY FEATURES OF CFDs:

- CFDs are sophisticated, high-risk, over-the-counter derivatives issued by Global Prime. They are not exchange-traded.
- You must fund your Account with Global Prime before any CFD may 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.
- There is leverage in the CFD because you pay to Global Prime only Margin, not the full value of the underlying investment.

KEY BENEFITS OF CFDs:

- They allow indirect investment in a very large number of financial products traded on Exchanges around the world.
- They allow potential profits significant to the outlay, as well as significant or even unlimited losses.

KEY RISKS OF CFDs:

These are the key risks of investing in Global Prime CFDs.

- **Leverage** – CFDs are leveraged when the amount you pay (the Margin) to Global Prime is typically less than the full face value of the underlying investment. You should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay Global Prime more Margin than your initial outlay and also those Margin requirements changing rapidly due to changes in the market for the Underlying Security.
- **Loss of your 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 Global Prime for them.
- **Trust moneys are withdrawn to pay for your CFDs** – moneys which you pay into the client moneys trust account are not kept there but are withdrawn to pay Global Prime for your CFDs, even if you pay more than the minimum Margin required. The moneys are withdrawn as payments to Global Prime, so they are not held on trust for you and you lose the benefits of holding those moneys in a client moneys trust account.
- **Margining** – 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. Margin requirements can change rapidly. If you do not meet 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 in your investment.
- **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 and this can also trigger changes in your Margin requirements.
- **Counterparty risk** – you have the risk that Global Prime will not meet its obligations to you under the CFDs. Your counterparty risk is affected by the limited recourse you have against Global Prime but also the benefit of Global Prime fully hedging its CFDs and giving additional protection over claims against its hedge counterparty. See important

information later in this PDS under “Your Counterparty Risk on Global Prime” in Section 3 and following.

For a description of all of the significant risks, please see Section 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 Security, without actually owning that financial product or having any indirect 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 Security when the CFD is opened and the price of the Underlying Security when the CFD is Closed, multiplied by the number of the Underlying Security to which the CFD relates.

Unlike direct investments made by trading on an Exchange, CFDs are not standardised. The terms of CFDs are based on the Account Terms with Global Prime, which apply to your Trading Account(s) and your CFD Transactions.

CFDs do not give you any beneficial interest in the Underlying Security nor any right to acquire the Underlying Security. This is different from direct trading in the Underlying Security 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 Securities and you have none of the rights of an investor who holds that financial product.

PURPOSE OF CFDs

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

Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the CFD’s Underlying Security. For example, CFD

COMPARISON

The summary table below compares CFDs offered by this PDS generally with directly investing in the Underlying Security (FX, commodities, Exchange-traded shares, Exchange Traded Options, futures, etc). As a summary, it cannot cover all features, risks and terms of all the financial products which are Underlying Securities for these CFDs. In addition to this summary you should ensure that you read the whole of this PDS in full.

Feature	CFDs generally	Direct investments (no leverage)
Exchange rules	No Exchange rules for CFDs, though Exchange rules might affect the Underlying Security and therefore indirectly affect the CFD.	Depends on investment – equities and futures may be exchange-traded under Exchange rules while many underlying FX and commodities markets are OTC.
Beneficial interest in Underlying Security	Holder of CFD has no beneficial interest in Underlying Security.	Investor has beneficial interest.
Equities - dividends and distributions	Holder of CFDs whose Underlying Securities are equities has no right to dividends or distributions, though adjustments are made to the Account in respect of the gross cash value of dividends or distributions on the Underlying Security.	Investor has entitlement to available dividends and distributions on equities.
Equities - dividend imputation credits	Holder of CFDs whose Underlying Securities are equities has no right to dividend imputation credits.	Investor has entitlement to available dividend imputation credits.
Equities - shareholder benefits (e.g., voting, participation in corporate actions, receiving company reports or purchase plans or shareholder discounts).	Holder of CFDs whose Underlying Securities are equities has no right to shareholder benefits or plans or to direct Global Prime to act in respect of them; Global Prime may make adjustments in its discretion to CFD to reflect corporate actions.	Investor has entitlements (subject to custodian’s rules) and must manage responses to them.
Value	Value of CFD set by Global Prime and changes according to range of variables, including market price (or, if an index, the level) of Underlying Security (except in extreme cases of market disruption, when there may be a significant gap).	Value of direct investment changes according to market.
Leverage	Leveraged by investor paying upfront a Margin which is up to 100% of cost of Underlying Security.	No leverage.
Further Margining	Further Margining occurs.	No Margining.
Short positions	Short CFDs possible, depending on availability and regulations.	Direct investment is a 100% long position.
Custody	Holder has CFD; but no interest in Underlying Securities or any Margin paid to Global Prime.	Investments are held directly by investor or in custody according to investor’s wishes.
Recourse	Global Prime Holder is unsecured creditor of Global Prime, limited by Global Prime’s recourse against its Hedge Counterparty but with additional protection of the Security Trust (see “Your Counterparty Risk on Global Prime” in Section 3).	No need for recourse except risk of custodian default or broker fraud.
Trading	By telephone or on-line trading system.	As permitted by broker.
Finance Charges	Finance Charge imposed on value of CFD position and/or Withdrawable Funds in your Account (see Section 5).	None

traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the CFD’s Underlying Security. CFD traders may have no need to sell or purchase the Underlying Security themselves, but may instead be looking to profit from market movements in the Underlying Security concerned.

Others trade CFDs to hedge their exposures to the CFD’s Underlying Security. For example, CFDs can be used as a risk management tool to enable those with existing holdings of an Underlying Security to hedge their position 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 trade indirectly in the Underlying Security 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 Security. This 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 Global Prime to establish or to maintain the CFD (see Section 5 for an example of a loss made on a CFD Transaction)

YOUR SUITABILITY:

We make an initial assessment of your suitability to invest 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.

Some key suitability considerations for you are:

- whether you have experience in trading on the underlying Exchanges
- whether you understand the terms of our CFDs and how they work
- whether you accept a high degree of risk in dealing in CFDs
- whether you can monitor your CFD investments and manage them in a volatile market
- whether you have financial resources to provide more Margin, especially on little or no notice
- whether you can bear substantial losses and, in particular, if you can bear the risk of potentially unlimited losses on your short CFDs.

Before we open an Account we will make an assessment of your suitability based on your information about the above considerations and any other information we ask and you give us.

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 take independent advice as you see fit.

Section 3 – How to Trade

YOUR ACCOUNT

You need to establish your Account by completing Global Prime's Account application form, available at www.globalprime.com.au or by contacting Global Prime directly. By opening an Account, you agree to the Account Terms.

The legal terms governing your dealing in CFDs with Global Prime are set out in the Account Terms.

The Account Terms have 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 CFDs offered by Global Prime).

Your Account is credited by the amount equal to the amount you pay Global Prime and deductions are made for fees, charges and other amounts you owe. The minimum required Margin cover is posted to the Account as a negative amount. The Withdrawable Funds of the Account is an amount calculated on all open positions.

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

OPENING A CFD

The particular terms of each CFD are agreed between you and Global Prime before entering into the Transaction.

Before you enter into a CFD Transaction, Global Prime will require you to pay an Initial Margin. This is paid to Global Prime and the amount is credited to your Account (and after payment of it to Global Prime, those funds are not held on your behalf).

The fees and costs of transacting CFDs with Global Prime are set out in this PDS.

When you terminate your CFD, you are entering into a new CFD Transaction opposite to your open CFD Transaction. You are liable for the costs, fees and charges as described in this PDS (see Section 5). You should be aware that your investment might suffer a loss, depending on the marked-to-market value of your Transaction at termination compared with the total cost of your investment in that CFD up to the time of termination.

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 Security to which the CFD is referable will increase, which 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 Security to which the CFD is referable will decrease, which would have the effect that the CFD will decline.

Prices for CFDs are quoted with a bid price and an ask price. The CFD quote given to you by Global Prime allows you to buy the CFD (going long) at the

higher quoted price or to Close Out an existing (long position) CFD at the lower quoted price.

Settlement must occur on the agreed date. Changes to the specified date are permitted only if you and Global Prime later agree. Generally, dealing in CFDs through our online service arranges for automatic settlement by immediately posting the transaction to your Account.

DEALING

Quotes for prices for dealing in CFDs are indicative only and so 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 Securities are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website or by contacting Global Prime. Using the Non DMA model may also mean the Client does not participate in the features of the DMA model, such as having Orders (for CFDs) work during the opening and closing phases of Exchange trading in the Underlying Security or participate in Orders queuing.

Please refer to our website, the Trading Conditions or contact us for further information about the operational rules and features of the Non DMA model.

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

You should be aware that the market prices and other market data which you view through Global Prime's online 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 by Global Prime.

If you access your Accounts and any online 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 relevant Exchange is open to trading, by which time the market prices (and currency exchange values) might have changed significantly.

PRICING MODEL

You may only trade in and out of Global Prime CFDs by using Global Prime's prices. Global Prime offers prices based on a modified direct market pricing model. Global Prime makes hedge contracts at or around the same time as it issues the CFD to you by making a corresponding hedge contract with its Hedge Counterparty (not by placing orders directly into the market). Global Prime does not itself seek to make a market or speculate. Global Prime's Hedge Counterparty may in turn choose to hedge directly into the market or it may make a market in its pricing to Global Prime, depending on the market for the underlying investment and the exchange hours.

Global Prime's bid and offer prices to you are based on the corresponding prices offered by the Hedge Counterparty to Global Prime. Generally the prices of Global Prime's CFDs are set on the trading platform to give competitive pricing but you should be aware that Global Prime is responsible for setting the prices of opening and closing CFDs and Global Prime does not act as your agent to find you the best prices.

CONFIRMATIONS OF TRANSACTIONS

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

Once you have entered an order into an online trading platform, the system may report the main features of your transaction in a "pop-up" window. 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 Global Prime 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 in the online trading platform. It is your obligation to review the confirmation immediately to ensure its accuracy and to report any discrepancies within 48 hours.

PAYMENT FLOWS AND CLIENT MONEYS

This describes the payment flows when you invest in CFDs. For each of the major phases (establishing your CFD, Margining, return of Margin, Close Out) there is a short summary followed by a more detailed explanation.

1. Establishing CFD Position

Here is brief outline of the steps.

1. Client pays into Global Prime's client moneys trust account.
2. Client moneys are withdrawn from trust account to pay as Initial Margin to Global Prime.

Steps 3, 4 and 5 are virtually simultaneous:

3. CFD issued to client.
4. Global Prime 100% hedges with Hedge Counterparty.
5. Client's payment of Margin to Global Prime (step #2) is used only for immediate payment to Hedge Counterparty for hedge.

Detailed explanation of Client Moneys when establishing a CFD Position

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

Client moneys trust account

Moneys paid by you to Global Prime for CFDs are initially deposited into a client moneys trust account maintained by Global Prime. You make your deposit by using BPay®, electronic or telegraphic transfer, by cheque or by credit card. Unless agreed otherwise by us, payments will be required in Australian dollars.

When you make a payment which is deposited into the client moneys trust account, you are making payments which, after withdrawal from that account, will be used for the fees and charges in respect of your CFDs and the balance will be used as payment of Margin (which is part payment for the CFD because you take the benefit of Global Prime only requiring an amount of Margin cover which is less than the full risk-free value of the CFD).

The moneys paid by you into Global Prime's client moneys trust account are held for you and are segregated from Global Prime's own funds. That means those funds are not available to pay general creditors in the event of receivership or liquidation of Global Prime.

You should be aware that, for client moneys trust accounts:

- Individual client accounts are not separated from each other.
- All clients' moneys are combined into one account.
- Moneys in the client moneys trust account belonging 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 because Global Prime may use the moneys to pay itself for its hedge of your CFD (see "Your Counterparty Risk on Global Prime" in Section 3). Also, Global Prime is permitted by law to use client moneys in the client moneys trust account to meet obligations incurred by Global Prime in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives (not just CFDs) by Global Prime, including dealings on behalf of people other than the Client whose moneys were deposited into the client moneys trust account, although Global Prime does not intend to use those legal rights.
- Global Prime is entitled to retain all interest earned on the money held in its client moneys trust account.

Use of client moneys

The Account Terms provide that you cannot make a payment into the client moneys trust account without also directing that it be withdrawn to pay Global Prime. **Therefore you should only pay into the client moneys trust account the amount which you are prepared to have withdrawn to pay Global Prime so it may credit your Account.** If you do not want your moneys withdrawn from the client moneys trust account to fund your Account, then you should not pay the moneys into the client moneys trust account.

Client moneys might be in the client moneys trust account for a short time, typically as little as the same day as you deposit them or as much as a few days. Your deposited moneys are regularly withdrawn from the client moneys trust account because you direct those payments to pay for your CFDs. You make those directions by your Account Terms and each time you make a deposit into the client moneys trust account. This is because Global Prime can only issue you with CFDs when you have paid Margin for them (Global Prime will not issue you with a CFD before Global Prime has received payment in

cleared funds for the CFD, unless it chooses to waive that at any time and from time to time). So, your moneys have to be withdrawn from the client moneys trust account to pay Margin to Global Prime for the CFD before Global Prime will issue you with the CFD (unless Global Prime, in its absolute discretion, chooses to credit your Account before it withdraws your money from the client moneys trust account).

So, after receiving or depositing money into the client moneys trust account, Global Prime will withdraw your funds from the client moneys trust account to pay itself for your CFDs (including for any other fees or charges or other payments which you owe, according to the Account Terms or for other amounts for your Account).

Global Prime's general policy is that it will withdraw from the client moneys trust account all of the funds you deposit for your Account, even if it is more than the required minimum Margin. If it is not withdrawn from the client moneys trust account, then the credit cannot be given to your Account for that amount remaining in the client moneys trust account and so you cannot trade on the basis of that amount.

You are free to decide that it is more prudent for you to pay more than the required minimum Margin to reduce the risks from leveraging or to avoid having limited time (or no time) for meeting later Margin requirements. Also, you need to pay Global Prime before your trade (holding moneys in the client moneys trust account is not payment to Global Prime). Your Account Terms and your directions give Global Prime its entitlement to withdraw your funds from the client moneys trust account to pay itself all of the funds you deposit.

So, all of the funds which it withdraws are payments for your CFD and the amount paid to Global Prime is the amount credited to your Account.

This general policy of withdrawing all of your funds will not apply if you have given other written instructions, such as to credit other specific Accounts you have with Global Prime, or you want the moneys invested in an approved, external financial product, (which will not give you any credit in your Account) or the moneys are held in the client moneys trust account while waiting instructions from you.

Withdrawal authority

You must pay Margin to Global Prime for the CFD before it is issued. You must pay Margin in an amount of at least the minimum required Margin amount. Since you must pay Margin before the CFD is issued and you control when you place orders, we require that all of your moneys must first be deposited into the client moneys trust account and then all of it be withdrawn to pay Global Prime for your Account. Global Prime only accepts your payment into the client moneys trust account on the basis that it is authorised and directed by you to withdraw all of those funds to pay Global Prime as Margin for your Account, even if it is before you have traded any CFD or, after you have traded, you have paid more Margin than the minimum required Margin. Your acceptance of the Account Terms and your payment to the client moneys trust account accompanied by your direction gives Global Prime the authority to withdraw all of your funds.

Global Prime uses these terms, policies and procedures to ensure each client's payments for CFDs are promptly and fully allocated to that client's Account.

After withdrawal from client moneys trust account

Moneys are withdrawn from the client moneys trust account either to pay Global Prime or to pay you. Moneys withdrawn to pay Global Prime are Global Prime's moneys (and are not held for you). Margin is part payment by you to Global Prime for the CFD and is not held on deposit for you.

From the time of withdrawal from the client moneys trust account:

- you lose the protections given to a client moneys trust account of that kind; and
- you are an unsecured creditor of Global Prime for its obligations on the CFD. This includes exposure as an unsecured creditor for payment to you of the net account balance (if any) after closing all of your CFD positions.

Global Prime reduces the risks to you by:

- fully hedging all Clients' CFDs;
- having no proprietary trading (except for managing error transactions);
- Global Prime managing all Clients' Margin requirements under a policy designed to reduce risk to Global Prime and therefore benefit all of its Clients.

You are not beneficially entitled to any moneys paid by Global Prime to manage those hedge contracts nor do you have any beneficial interest in those hedge contracts. Global Prime pays over all of those moneys to its Hedge Counterparty.

2. Margin Call

Here is brief outline of the steps.

1. Client pays moneys into Global Prime's client moneys trust account for Variation Margin.
2. Global Prime withdraws client moneys to pay Global Prime as Variation Margin.

At or around the same time as #2:

3. Global Prime posts to Client's Account the Variation Margin.
4. Global Prime pays its funds to its Hedge Counterparty.

Detailed explanation of Margining of CFDs

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

- Margin is your payment to Global Prime for the CFD issued to you. The amount of Margin you pay (after it is withdrawn from the client moneys trust account) is credited to your Account.
- When you have CFDs, you are also liable to meet all **Margin calls** for additional payments to Global Prime.
- This Margin call **obligation is in addition** to your obligation to maintain the minimum required Margin cover.
- There is no limit to the timing, 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 Underlying Security which you choose and the things that affect the market price of the Underlying Security.
- **You** have an obligation to meet the Margin call **even if Global Prime cannot successfully contact you**.
- You have a risk of your **CFDs being 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 CFD positions Open.
- **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 your **CFDs being Closed Out** if you do not have in your Account sufficient Margin credited to it, regardless of whether you have checked your Account's requirement for minimum Margin cover or whether you have tried to make a payment but it has not been credited to your Account.

Margin policy

Global Prime's margin policy is available free of charge on request. The main principles are:

- Each Client is required to pay before issuance of a CFD a minimum required amount of Margin. The minimum amount is determined by Global Prime based on a number of factors, including the price of the Underlying Security, the margin required to hedge the Underlying Security, the margin which Global Prime is required to pay its Hedge Counterparty and Global Prime's risk assessment of the client.
- Each Client is required to pay Margin before issuance of the CFD in order to minimise credit risk to Global Prime and therefore benefit all other clients.
- Each Client is required to pay the minimum required Margin even if Global Prime pays less to its Hedge Counterparty. This is to minimise the risk of any one client imprudently benefiting from other client's CFD trading.
- Global Prime manages the timing of payments from and into the client moneys trust account so as to minimise as far as practical and reasonable in the ordinary course of business any funds not being fully credited either to each client's Account or as payment to the client. The reason for this is that while client moneys trust accounts are meant to give some protection to clients, in practice the laws also allow use of client moneys for purposes which create risk to the clients. If Global Prime were to become insolvent, there is a high risk that an external administrator will assert a right to use the funds in the client moneys

account (as permitted by law) to meet purposes other than those connected with the CFD trading.

- Each client's Account is promptly adjusted for Margin requirements according to market movement so that no client is intentionally benefited from other clients' CFD trading. This could occur if, for example, the client's Margin requirements are not adjusted in line with market changes or the credit risk on the client.
- Each client is required to pay Margin calls promptly and that is managed within the requirements of the Margin policy, so that no client receives any substantial benefit or waiver which imprudently jeopardises Global Prime and therefore increases the risks of other clients to Global Prime.
- The total amount of Margin required of and paid by Clients trading in CFDs is more than Global Prime is required to pay its Hedge Counterparty. This enhances the liquidity of Global Prime to meet its own margin obligations to its hedge counterparty.

Paying Margin

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 client moneys trust account. The funds are withdrawn and paid to Global Prime. Your payment is effective only when cleared funds are withdrawn from the client moneys trust account (unless Global Prime, in its absolute discretion, chooses to credit your Account before it withdraws your money from the client moneys trust account). Global Prime is authorised to withdraw all of the funds which you deposit due to the Account Terms and the basis of your payment into the client moneys trust account. Do not make any payment into the client moneys trust account unless you are prepared for all of those funds to be withdrawn in payment to Global Prime (for Margin and for fees and charges).

Credit for Margin paid

- Your payment to Global Prime is effective only when Global Prime has credited your payment after withdrawing it from the client moneys trust account. However, Global Prime may, in its absolute discretion, choose to credit your Account before it withdraws your money from the client moneys trust account.
- Your payment instructions to your financial institution (or to BPay®) are insufficient to satisfy your obligation to make a payment to Global Prime. Global Prime does not accept as payment just your copy of your payment instructions into the client moneys trust account.
- You do not satisfy your payment obligations to Global Prime merely by having your moneys in the client moneys trust account. For so long as your moneys remain in the client moneys trust account, they are held in trust for you and cannot be counted as payment for or credit for your Account (unless Global Prime chooses to waive this by crediting your Account before it has withdrawn the funds).

When the moneys are withdrawn in payment to Global Prime, your Account is credited with the amount paid (although we may in our discretion credit your Account before withdrawal is made). Your Account balance is debited for any fees and charges you owe. The balance must be more than the minimum amount of Margin cover required for your CFDs.

How is Margin cover calculated?

As with most other CFDs, Global Prime may set the amount of the Initial Margin and also at any later time require more Margin cover.

The minimum Initial Margin will be set by Global Prime in terms of a percentage of the Australian dollar equivalent value of the CFD Transaction. In the case of share CFD Transactions, the Initial Margin immediately payable is typically between 10% - 30%, but may be as high as 100%.

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. 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 currency other than Australian dollars, 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.

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 online, by pop-up messages on your screen, but you need to provide the Margin cover whether or not you get that notice.

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 Security is closed, some Margin cover requirements automatically increase.

Finance Charge adjustments

Finance Charges are calculated daily on CFD positions held overnight by applying the applicable interest rate to the daily Closing Value of the CFD position. The daily Closing Value is the number of the CFD's Underlying Security multiplied by the Closing Price of the CFD for that day. For example, the applicable Finance Charge might be 8.00% and the Closing Price of the Underlying Security on a particular day might be \$2.90. The Closing Value of a 10,000 CFD position would be \$29,000 (i.e. 10,000 x \$2.90). So the Finance Charge 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.

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 Security if you have an open CFD position.

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.

- 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, you remain liable to meet the Margin call. That is why you need to be contactable 24 hours a day, 7 days a week.

Your Margin defaults

If you do not ensure that you maintain the required level of Margin cover or meet your obligation to pay Margin calls (even those requiring immediate payment), all of your positions may be Closed Out and the resulting realised loss deducted from any proceeds. Any losses resulting from Closing Out your positions will be debited to your Account(s) and you may be required to provide additional funds to Global Prime to cover any shortfall. If you are trading through an online trading platform, you must read any rules of the platform (also known as "Trading Conditions") particularly carefully. If you do not comply with your obligations, all of your positions can be Closed Out automatically without any notice to you.

It is your responsibility to pay your Margin cover and to meet Margin call payments on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by Global Prime by the time you are required to have the necessary Margin cover or meet the Margin call, you could lose some or all of your positions. Global Prime may but need not give you any grace period. You should maintain a prudent level of Margin cover and make payments in sufficient time to be credited to your Account. Please see "Margin risk" in Section 4.

Global Prime allows you to make payment in a number of ways. The most efficient way is by BPay® with a unique number for your Account. Since those payment details may be unique to you, please contact your Global Prime adviser for arranging your payment methods.

3. Surplus Margin

Here are the main steps for when a Client has excess Margin cover and Client requests payment of an amount which will leave more than the required minimum Margin cover.

1. Global Prime arranges for payment of the funds into the Client's nominated bank account.

Global Prime ordinarily arranges to make the payment in step #1 directly from its Hedge Counterparty, to speed up payment to you.

4. CFD Close Out

Here are the main steps.

1. Client Closes CFD, realising gain or loss. Assume in this example case that this leaves Client's Account with a net credit balance above any remaining required minimum Margin cover (if any remains).
2. Client requests payment of an amount which will leave the required minimum Margin cover (if any).
3. Global Prime arranges for payment of funds into Client's nominated bank account.

Global Prime ordinarily makes the payment in step #3 from its Hedge Counterparty to speed up payment to you.

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, so please check with Global Prime before entering into your Transaction.

Equity CFDs

Example 1: Opening and closing a 'long' Equity CFD Contract

Opening the position

XYZ Limited shares are quoted at \$2.85/\$2.86 on the Exchange, and you believe that their price will rise. You decide to 'buy' 10,000 equity CFDs at \$2.86, the offer price. While your XYZ Limited position remains open, your Account is debited to reflect interest adjustments and credited to reflect any dividends.

Closing the position

Some weeks later, XYZ Limited has risen to \$3.20/\$3.21 on the Exchange and you decide to take your profit. You sell 10,000 equity CFDs at \$3.20/CFD, the bid price. Your profit on the Transaction is calculated as follows:

Closing level:	\$3.20
Opening level:	\$2.86
Difference:	\$0.34
Gross profit on Transaction:	\$0.34 x 10,000 = \$3,400

Initial Margin

The Initial Margin required to open your position was 10% x \$2.86 x 10,000 = \$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 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 \$2.90. The Closing Value of a 10,000 equity CFD position would be \$29,000 (i.e., 10,000 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 equity CFDs, a Transaction Fee is payable by way of the Transaction Fee 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 = 10,000 x 2.86 x 0.1% = \$28.60
Closing Value = 10,000 x 3.20 x 0.1% = \$32.00.

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 XYZ Limited declared a cash dividend of 6 cents per equity your Account would be posted with a credit for a dividend adjustment of \$600 (10,000 x \$0.06). 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

Example 2: Opening and closing a 'short' or 'sold' Equity CFD Contract

Opening the position

It is July and you think ABC Limited shares are about to fall. The share is quoted on the Exchange at \$3.71/\$3.72. You sell 10,000 equity CFDs at \$3.71, which is the bid price at the time. Using a Transaction Fee rate of 0.1%, it would be \$37.10 (10,000 x \$3.71 x 0.1%). Your Margin for this Transaction is \$3,710 (10,000 x 3.71 x 10%). Your Account balance is currently \$5,000 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 adjustments are either made by Finance Charges credited or debited to your Account.

Finance Charge adjustments

The Finance Charge credit on your position is calculated daily, by applying the applicable interest rate to the daily Closing Value of the 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 \$3.70, giving a Closing Value of \$37,000 (i.e., 10,000 x \$3.70). So the Finance Charge credit for the position for this particular day would be \$3.08 (i.e., \$37,000 x 3.00%/360).

Dividend adjustment

At the end of August your position is still open at the time of the ABC Limited *ex-dividend* date. The amount of the declared cash dividend is 10 cents per share and this is debited from your Account. The adjustment is calculated as follows: 10,000 x \$0.10 = \$1,000.

Closing the position

By early September, ABC Limited has risen to \$3.97/3.98 on the Exchange and you decide to cut your loss and close the position. You buy 10,000 Equity CFDs at \$3.98/CFD, the offer price. The Transaction Fee on the Transaction is 0.1% or \$39.80 (10,000 x \$3.98 x 0.1%).

Your gross loss on the Transaction is calculated as follows:

Closing level:	\$3.98
Opening level:	\$3.71
Difference:	\$0.27
Gross loss on Transaction:	\$0.27 x 10,000 = \$2,700

Calculating the overall result

To calculate the overall or total loss on the CFD 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 Charge credit of \$219. Your Account has been debited for a dividend adjustment of \$1,000. The overall or total result of the Transaction is a loss, which is calculated as follows:

Gross loss on Transaction:	(\$2,700)
Total Transaction Fee:	(\$76.90)
Finance Charge adjustment:	\$219
Dividend adjustment:	(\$1,000)
Overall or total loss:	(\$3,557.90)

Stock index CFDs

Trading on stock 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. A Stock Index CFD works in the same way as a CFD on an individual share 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 a stock index CFD. A Finance Charge may be payable or receivable and in the case of cash stock index CFDs dividend adjustments may be applicable. When trading stock index futures CFDs there are no adjustments for dividends.

Stock index CFDs are opened in the same way as individual share CFDs. You will be required to pay Margin. Details of how this will be calculated are set out below. There are two basic types of stock index CFDs - these are cash stock index CFDs and stock index futures CFDs.

We offer a wide range of European, US and Asian futures CFDs.

When trading stock index futures CFDs, it is important to remember that the current price of the underlying futures contract will not normally be the same as the price of the underlying index. There are, broadly speaking, two reasons for this:

Futures contracts usually trade at prices which reflect the interest rate advantage, and the disadvantage of foregone dividends, which is obtained by taking a long position in a futures contract rather than buying actual shares for cash. Interest rates are generally higher than dividend yields, so the futures contract will usually have a natural premium, called a fair value premium, to the underlying index. Futures prices can respond to news or a change of sentiment more quickly than indices, which are not fully up to date until every individual share which they contain has traded. In a volatile market, futures contracts can trade at very substantial premiums or discounts to their underlying index. Global Prime's quotes for cash stock index CFD's take account of these phenomena.

Expiries and Rollovers

All stock index CFDs expire at the appropriate market level and date as detailed in the specific contract details at market level adjusted for our bid/offer spread.

Clients can ask for their trade to be rolled over to a later date provided the request is made prior to the last rollover time for the underlying investment trade.

For example, assume that the June ASX futures contract expires on the 18th of June. So on the evening of the 17th after the market closes at 1630 AEDST/AEST, we would roll positions to September (the next quarter) if the request has been made before the 17th June settlements.

Example of a cash stock index CFDs dividend adjustment

As explained earlier, forwards contracts trade at prices which reflect the dividends which companies are due to pay. 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 announces a dividend of 35 cents per share and is the only company in the S&P™/ASX 200™ 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 S&P™/ASX 200™ index and assume for this illustration that the S&P™/ASX 200™ index is at 4000 then BHP represents 400 points of the value of the S&P/ASX 200 index. With BHP priced at \$35.00/share, a 1 point movement in its own share price equates to 0.11 S&P™/ASX 200™ index points. Therefore, a 35 cent movement in BHP's share price should equate to a 4 point movement in the S&P™/ASX 200™ index.

On the night before the *ex-dividend* date, we would adjust our price by taking 4 points off the price of our cash stock index CFDs in respect of BHP. Global Prime would then 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 Global Prime from time to time, variable without prior notice.

CFDs on options

We also offer a range of CFDs on the price of traded options on various products including leading stock indices, equities and foreign exchange contracts. Details of these markets and products are published by the Exchange which trades the options. The Transaction Fee on CFDs on options covers the underlying exchange fees (such as the fee charged by ASX Clear for exchange traded options dealt on the ASX). This allows for easier comparison with direct trading since our quote gives the equivalent of a dealing spread (the difference between our 'buy' and 'sell' quotes) and the Transaction Fee is the equivalent of the exchange fees (if any). The margin requirements are set out in the Trading Conditions, reflecting the margin requirements imposed by the Exchange where the Underlying Security is traded.

As an example, we offer stock index option CFDs on two types of traded options: puts and calls. A traded put option equates to the right to "sell a market" (the underlying index) at a fixed level, on or before a particular date. For example, a September 4500 FTSE™ 100 Index put is the right to "sell" the FTSE 100 Index at a level of 4500 on or before a specified date in September. A traded call option is the right to "buy" a particular index at a fixed level on or before a fixed date. For example, a December S&P™ 500 Index 1200 call option is the right to "buy" the December S&P™ 500 Index at 1200 on or before a specified date in December.

With traded options, the holder (or 'buyer') of the put or call has the right but not the obligation to exercise the option – they need only do so if it suits them. The writer (or 'seller') of the put or call has the obligation, if the option is exercised, to buy or to sell (or cash settle) at the specified price (the 'strike price').

Profits or losses on option CFDs are made by reference to the movement of an option price. Just a reminder - you are not buying or selling the underlying option itself. The CFD is exercised by you at your choice (you do not exercise the underlying option) – the CFD cannot be exercised by or against you. Since you are dealing in a CFD, there is no acquisition, disposal or delivery of the underlying security, option, index or its constituents. You are able to Close an option CFD (including a CFD in respect of a futures option) at any time before expiry but at expiry the difference between the closing price level and the price level at which you opened your CFD will determine your profits or losses.

Your risk in dealing on 'long' options positions is limited because the maximum loss you can sustain is the cost of the option premium (the value of your option CFD can only fall to zero). An option 'seller' sells an option believing that the underlying market will not move above or below the relevant strike price. If the investor is right, the option will expire worthless and the investor will have received the premium paid for the option. It is very important to understand that the seller of an option is exposed to an open ended risk, since there is no upper limit on the price or value of an option, and there is no limit to the level at which the 'seller' may be obliged to Close Out a losing position.

Since the risks associated with buying and selling options are different from other CFDs we offer, Margin requirements for them are calculated differently. The Margin you will be required to pay for placing a 'buy' CFD on an option is the price at which you would 'buy' the option multiplied by the deal size. It will be at least the margin required by the Exchange for the Underlying Security's option if you had traded directly on it for the same option. The Margin (and any Transaction Fee) which you pay Global Prime is the total amount that you can lose on your option CFD, since it is your choice whether to take the benefit of that payment by later exercising your option CFD.

The Margin requirement for 'selling' an option CFD is variable. If the option has intrinsic value it is said to be 'in the money' and its value moves one-for-one with the underlying market; therefore, at worst, an option CFD seller can be charged Margin equal to what the Client would have paid as margin had the Client sold the option in the underlying market.

Foreign Exchange CFDs

Foreign exchange CFDs (FX CFDs) allow you to gain exposure to movements in currency rates. FX CFDs are opened in the same way as other CFDs. We will quote a bid and offer price for a currency exchange rate. For example we might quote the A\$ against the USD as 0.8048/0.8050. If you thought the A\$ is going to rise against the USD you would 'buy' the CFD at 0.8050. If you thought the A\$ was going to fall against the USD you would 'sell' the CFD at 0.8048. (You do not actually sell the FX CFD – you buy a CFD for selling the FX – this is commonly referred to as "selling" the CFD.) You can close your position in 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.

While holding a position overnight, your Account is debited or credited using the applicable overnight rate for Finance Charges based on Withdrawable Funds in your Account. Details of currency trading sizes, margin requirements and Finance Charges are set out in the Trading Conditions.

Examples of FX CFDs

Example 1: Buying USD/JPY

Opening the position

You decide to go long on the US dollar against the yen, and ask for a quote for 5 lots, the equivalent of USD500,000 (lot sizes are set out in the trading details). We quote you 118.00/118.03 and you buy 5 lots at 118.03. Using a Transaction Fee rate of \$10 per lot, it would be \$50 (5 x \$10).

Finance Charge adjustments

While the position remains open, an overnight adjustment is debited or credited to your Account using the applicable rate.

In this example, the credit for one day might be ¥5025.

Closing the position

Later, USD/JPY has risen to 121.41/121.44, and you take your profit by selling 5 lots at 121.41. Using a Transaction Fee rate of \$10 per lot, it would be \$50 (5 x \$10). Your gross profit on the trade is calculated as follows:

Closing transaction:	USD500,000 (5 contracts) x 121.41 = ¥60,705,000
Opening transaction:	USD500,000 (5 contracts) x 118.03 = ¥59,015,000
Gross profit on trade:	= ¥1,690,000

Calculating the overall result

To calculate the overall or net profit, you also have to take account of the Finance Charge credit. In this example, you might have held the position for 20 days, earning a total Finance Charge credit of ¥98,500:

Gross profit on trade:	¥1,690,000
Interest credit:	¥100,500
Gross profit:	¥1,790,500 = USD14,748 equivalent
Total	Transaction Fees: \$100
Net profit:	USD14,648 equivalent

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.

Futures, Commodities and money market CFDs

We also offer a range of CFDs on the price of various commodity, interest rate and bond futures. These are often generically referred to by us as futures CFDs. Details of these products are listed in the Trading Conditions. The Transaction Fee on these types of CFDs will be based on any underlying exchange fees referable to the hedge contracts that correspond with your CFDs. We quote the dealing spread – the difference between our 'buy' and 'sell' quotes. The margin requirements are set out in the Trading Conditions. These types of CFDs have set expiry dates, upon or after which the position will be closed automatically, as described above.

Underlying Futures Contracts

If the Underlying Security of a CFD is an Exchange-traded futures contract (**Underlying Futures Contract**) your CFD issued by Global Prime operates by reference to a notional Futures Contract which is Exchange-traded.

Types of Futures Contracts

There are two main types of Futures Contracts. One is an agreement under which the seller agrees to deliver to the buyer, and the buyer agrees to take delivery of, the quantity of the commodity described in the contract. Such contracts are described as deliverable contracts.

The other kind is an agreement under which the two parties will make a cash adjustment between them according to whether the price of a commodity or security has risen or fallen since the time of contract was made. Such contracts are described as cash settlement contracts.

Contract Specifications

The terms and conditions of a Futures Contract are set out in the rules and regulations of the Exchange on which the contract was made. Futures Exchanges exist in a number of countries and regions as well as Australia.

Futures Contracts are made for periods of up to several years in the future, although the vast majority are for settlement within six months of the agreement being made. Part of the standardisation of contracts is that the time of the delivery or settlement is one of a series of standardised maturity times. For example, in the ASX SPI 200™ Index Future traded on the ASX 24, contracts can be made for settlement at the end of March, July, September or December during a period of 18 months from the time of the trade.

The terms and specifications of Futures Contracts traded on the ASX 24 are accessible at its website: www.asx.com.

Futures Contracts are standardised

Contract standardisation means that price and volume are the only factors that are to be determined in the marketplace. On the Australian exchanges, (i.e., ASX 24 and ASX), and on many international futures exchanges, Exchange-Traded Derivatives are quoted and traded on electronic trading systems which provide a system of continuous price discovery. This means that the price at which trades take place may continually change throughout a trading session. Futures prices represent a consensus of market opinion as to what the price of the commodity should be at the specified future time.

Since all Futures Contracts for a given future month in the same market are exactly alike, obligations under Futures Contracts are easily transferred from one party to another. A Client who holds a futures CFD whose Underlying Futures Contract is a contract to buy may cancel this obligation by taking a futures CFD in respect of a new contract to sell in the same month. This process is known as "offsetting" or "closing out the contract". In the same way, the holder of a contract to sell can Close Out by taking a new contract to buy. In each case there will be a profit or loss equal to the difference between the buying and selling prices multiplied by the standard contract amount. In practice, the vast majority of contracts are offset in this manner, the remainder being fulfilled by delivery or by mandatory cash settlement in those markets if no provision for delivery exists.

Expiry of Futures Contracts and Close Out by Global Prime

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. Global Prime 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, otherwise a futures CFD, regardless of whether its Underlying Futures Contract is cash settled or deliverable, will be Closed Out by Global Prime. If you do not close a futures CFD position within 2 days of the expiry date or the first notice date of the Underlying Futures Contract, Global Prime reserves the right to close your CFD position for you at the first opportunity available to Global Prime at the prevailing market price. Any resulting costs, gains or losses will be passed on to you. If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your CFDs, please contact your Global Prime advisor.

Futures CFDs will expire if the Underlying Futures Contract expires. So, one way of closing a CFD is to let it expire in accordance with the expiry of the Underlying Futures Contract. If the Underlying Futures Contract is a Futures Contract which has its own expiry date, then the CFD expiry will coincide with the expiry of that Futures Contract (if not closed earlier).

If you wish to close a CFD position before it expires, you enter into a CFD Transaction which is equal and opposite of the open CFD.

To effect this, you contact Global Prime, either directly or via the online trading platform, to determine the current market value of the Underlying Futures Contract for the CFD, with the view to closing the CFD position (or part of it).

Global Prime will confirm the current market value and you will then decide whether to accept the value, and if so, you would instruct Global Prime to Close your open position in accordance with your instructions. The total Closing Value is then determined by multiplying the number of CFDs by the value of the CFD's Underlying Futures Contract.

On the day that the CFD is closed, Global Prime 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 – refer to Section 5 for further details.

In order to provide the futures CFDs to you in an efficient and low-cost manner, Global Prime has discretion in determining closing prices. In general, without limiting Global Prime's discretion, it should be expected that Global Prime 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 Global Prime to hedge its futures CFD issued to you, 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 Trading Account(s) 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 Global Prime may be zero.

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

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

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

ORDERS

Global Prime may, in its discretion, accept an order from you.

Market order

A market order is an order to buy or sell an instrument 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.

Limit order

A limit order to buy (at a limit price) refers to an order to buy an instrument if the price trades at or below the limit price. A limit order to sell (at a limit price) refers to an order to sell an instrument 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.

Stop Order

Global Prime may, in its discretion, 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 the Transaction you have.

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 have a stop-loss order. While Global Prime has absolute discretion whether to accept a stop-loss order, it will generally try to do so, subject to market conditions and the reasonableness of your stop-loss order. Your order may be unreasonable if, for example, the level you have specified is beyond the level allowed for orders for the Underlying Security or trading in the Underlying Security has been halted or suspended on the 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 through 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 Security to allow Global Prime to hedge its transactions which it makes in order to completely fulfil your stop-loss order. If the opening price of the Underlying Security 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 made. This is the case with any order you place (and which is accepted by Global Prime) as long as it is made in accordance with the Account Terms. For example, Global Prime's 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 Global Prime will be similarly affected, since Global Prime hedges its CFD issued to you by making corresponding orders with its Hedge Counterparty.

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.

If Done (Contingent) Orders

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

Other features of Orders

Whether you place your order over the telephone, internet or any other method made available to you by Global Prime, it is important that you make the duration of your order clear. If you are placing an order by telephone it is important to note that day orders are treated as expiring at the close of the day's trading of the Exchange for the Underlying Security 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 order, you specify whether you want that day order to apply for the day's trading on the relevant Exchange or whether you want the day order to apply for a specified period.

If we accept one of these orders, then when our bid or our offer 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 your adviser.

Your order may be executed irrespective of the length of time for which your order is reached or exceeded. In volatile markets our bid/offer 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/offer 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 share CFD with a conventional Stop Order opening the position

ABC Company shares are quoted at \$5.45/5.46 on the Exchange, and you sell CFDs for 5000 ABC Company shares at \$5.45/CFD (the bid price). You decide to put your Stop Order at \$5.70. There is no cost or fee charged for placing a Stop Order (but remember that any Transaction resulting from your Stop order will incur the usual Transaction Fees). Should the market move against you, your position would be Closed Out at \$5.70, however, should the market gap straight through your Stop Order, your position would be Closed Out at the next available level that we consider is fair and reasonable.

In this example, we will assume that ABC Company shares gap straight through the Stop Order level of \$5.70 and the position is Closed Out at \$5.75, resulting in a loss of \$1,500 (excluding our Transaction Fee, Finance Charge and dividend adjustments). This loss is calculated as \$1,500 (\$5.45, the opening level, minus \$5.75, the Stop Order level plus market slippage of \$0.05 = \$0.30 x 5000 shares = \$1,500.)

Triggering the Stop Order

After you have held the position for a few weeks, ABC Company releases some positive news which results in ABC Company shares opening significantly higher. ABC Company closed the previous day at \$5.05, but it opens at \$5.80/5.81. Your Stop Order is triggered, and your position is Closed Out at \$5.81 (the level at which it would be possible to buy 5000 ABC Company shares back) to Close Out the position.

Your gross loss on the Transaction is calculated as follows:

Opening level:	\$5.45
Closing level:	\$5.81
Difference:	\$0.36

Gross loss on Transaction: \$0.36 x 5000 = \$1,800

To calculate the total loss on the Transaction, you must also include Transaction Fee, Finance Charge and any dividend adjustments that might be made during the period the position was Open.

Your total loss is calculated as follows:

Gross loss on Transaction:	(\$1,800)
Total Transaction Fee:	(\$56.30)
Finance Charge adjustment:	\$50.00
Overall or total loss:	(\$1,806.30)

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 trade should 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 Stop is placed

Step size – the size of the increments by which the 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 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 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 Stop has therefore moved automatically five more times, so you are now sitting on a healthy potential profit with your 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 share 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 shares in BiotechWonder Company at \$23.46/23.54 you might give a Limit Order to 'buy' at a limit of \$23.30. Your Limit Order will be triggered if at any time, inside or outside market hours, our offer quote moves through the level of the Limit Order (in this case \$23.30). We will normally accept a Limit Order on any open position except positions on options.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by Global Prime), charges or other payments. 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.

DIVIDENDS

If you hold a long equity CFD, you will be credited with an amount equal to the gross unfranked dividend on the relevant number of the CFD's Underlying Securities on the business day after the *ex-dividend* 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 Securities on the *ex-dividend* date.

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

CORPORATE ACTIONS

If there is a corporate action by the company which issues the CFD's Underlying Security to which the CFD relates, Global Prime 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 subdivisions, 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.

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

Global Prime 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. Global Prime may also elect to close a CFD if the CFD's Underlying Securities are the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

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

NO SHAREHOLDER BENEFITS

As a holder of a CFD, if the CFD's Underlying Security 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 Global Prime to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

MARKET CONDUCT

All market participants (including Global Prime) have a legal obligation to ensure that the markets are fair, orderly and transparent. Global Prime 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. The client may be liable for penalties to regulators such as ASIC or be liable to Global Prime for costs to Global Prime arising out of those trading practices of the client which lead to the client, Global Prime or any other person suffering loss or penalty.

DAILY VALUATION

During the term of a CFD Transaction, Global Prime will determine the value of your Account(s), based on the value of the CFDs in your Account.

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

CLOSING A CFD

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

Futures CFDs and options CFDs will, however, expire if the Underlying Securities (i.e., futures contracts or options on futures contracts or equity options) expires. So, one way of Closing a CFD is to let it expire in accordance with the expiry of the underlying futures contracts or options. If the Underlying Security is a contract which has its own expiry date, then the CFD will expire coinciding with the expiry of that contract (if not terminated earlier). If you wish to close a CFD position before it expires, you enter into a

CFD Transaction which is equal and opposite of the open CFD. To Close Out your CFD, you contact Global Prime, either directly or via the online trading platform, to determine the current market value of the Underlying Security for the CFD, with the view to closing the CFD position (or part of it). Global Prime will confirm the current market value and you will then decide whether to accept the value, and if so, you would instruct Global Prime to close your open position in accordance with your instructions. The total Closing Value is then determined by multiplying the number of CFDs by the value of the CFD's Underlying Security.

Commodity CFDs expire at the end of a particular month (possibly each month end or only on some month ends, depending on the underlying investment).

On the day that the CFD is closed, Global Prime will calculate the remaining payment rights and obligations to reflect movements in the Contract Value since the previous business close (including other credits/debits), except interest (i.e., the Finance Charge) is posted at month end or on Account closure. 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 – refer to Section 5 for further details.

In order to provide the CFDs to you in an efficient and low-cost manner, Global Prime has discretion in determining Closing Prices. In general, without limiting Global Prime's discretion, it should be expected that Global Prime 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 Global Prime to hedge its CFD issued to you, the Closing Price of the Underlying Security for the CFD, any foreign currency exchange rates which are relevant due to the denomination of your CFD or Account(s) and any suspension or halt in trading of the Underlying Security. In the worst case, it is possible that the Closing Price determined by Global Prime may be zero.

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

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

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

YOUR COUNTERPARTY RISK ON GLOBAL PRIME

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

Your credit risk on Global Prime

You have credit risk on Global Prime when your Account has a net credit balance made up from the amounts you pay as Margin, the unrealised value 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 Global Prime:

- depends on the overall solvency of Global Prime, which is affected by Global Prime risk management;
- is affected by your limited recourse against Global Prime; and
- is improved by the special protections adopted by Global Prime,

which are described further, below.

Please note that the moneys withdrawn from the client trust account are payment by the Client to Global Prime and so the moneys become the property of Global Prime and may be used by Global Prime in its business as it sees fit. However, Global Prime commits to using those payment's funds only to acquire and manage hedge transactions which correspond with the CFDs issued to CFD Clients or to pay the CFD fees and charges due to Global Prime.

Since Global Prime acts on your authorisation to withdraw all of the funds which you deposit as your payment of Margin for your Account(s), typically your more significant credit risk arises when the moneys are withdrawn and paid to Global Prime (rather than the risks for when your money is in the client trust account). From the time of the withdrawal from the client moneys trust account, you are taking credit risk on Global Prime because you become an unsecured creditor of Global Prime.

Your credit risk on Global Prime is managed and reduced by:

- Global Prime applying its risk management policy.
- Global Prime applying its Margin Policy.
- Global Prime fully hedging all Clients' CFDs.
- Global Prime not speculating in CFDs or its hedging.
- Global Prime using the funds paid as Margin by Clients only for hedging the CFDs (including managing its own margin obligations on these hedges) and for fees and charges payable to it.
- Global Prime placing its rights to its hedge contracts under a trust which is dedicated to benefiting only CFD Clients.

The amounts you pay

Once an order for a CFD is received, Global Prime will, at or about the same time, make a similar transaction (in its own name, on its own account) with another market participant (a Hedge Counterparty) to hedge fully the CFD Transaction entered into with you, so that Global Prime has little or no direct market exposure to later changes in the value of the Underlying Security.

In order to enter into those transactions, Global Prime is usually required to pay for its hedge or to deposit moneys with the Hedge Counterparty to maintain Global Prime's open hedge position. Global Prime funds this payment obligation to its Hedge Counterparty from the proceeds of your Margin payments to Global Prime.

Risks from Global Prime's Hedge Counterparty

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

Limited Recourse

Since Global Prime is in the business of providing CFDs and is not assuring the performance and credit risk of Global Prime's counterparties, Global Prime limits its liability to you under the terms of the CFDs by the extent to which Global Prime actually recovers against its Hedge Counterparty and allocates that to your CFD.

It is therefore possible that Global Prime might not fully recover from the Hedge Counterparty due to reasons not arising from your own CFDs, or it may incur costs in seeking the recovery or choose to terminate recovery efforts early, thereby reducing the proceeds available to Global Prime to allocate in its discretion to performing its CFD issued to you. It is important to understand that you have no rights or beneficial interest in an Underlying Security or any contract which Global Prime has with its Hedge Counterparty and you cannot force Global Prime to make any decision about seeking recovery against Global Prime's Hedge Counterparty. You are dependent on Global Prime taking any action to seek recovery. Global Prime has discretion as to how it pursues that action (subject to the Security Trust – see below), although Global Prime would act honestly, fairly and efficiently in determining if and how to pursue that recovery action.

By dealing in these CFDs, you get the benefit of Global Prime's obligation to you as issuer of the CFD and the benefit of Global Prime dealing with market participants who might not ordinarily deal with you directly and you get the benefit of the protection from the Security Trust.

The limited recourse limits your potential recovery against Global Prime but it is part of the protection which also maximises CFD-related funds to be available to CFD Clients (see below) and that extra protection would not be given without the limited recourse, so all CFD Clients benefit from the combination of limited recourse and the Security Trust for CFD Clients.

Protection – Security Trust

Global Prime commits to using funds from your payments for Margin only for paying CFD Clients, for fully hedging your CFDs or managing the hedge contracts or for paying fees and charges to which it is entitled. This reduces your credit risk on Global Prime because Global Prime fully hedges and does not speculate or use the funds for non-CFD purposes (such as general working capital).

Global Prime has created a Security Trust that holds:

- all of the benefit of the claims against the Hedge Counterparty, for the hedge contracts (**Claims**); and
- all of the surplus funds from your payments to Global Prime not paid to the Hedge Counterparty or paid as your fees and charges (**Surplus**).

- until a trigger event ever occurs, is for the purpose of limiting the use of the Claims and the Surplus only for hedging and managing hedges for your CFDs (so it mainly gives Clients protection by limiting use of Surplus to CFD-related activity, maximising the available funds that could be available if needed to be paid to a CFD Client, and giving Clients a right to enforce that); and
- upon a trigger event occurring, automatically holds the Claims and Surplus beneficially for the CFD Clients, (giving CFD Clients more protection by holding the Claims and Surplus for CFD Clients beneficially and preventing their use for other purposes by, say, a liquidator preventing access to those funds by non-CFD creditors of Global Prime).

Trigger events include default by the Hedge Counterparty and insolvency by the Hedge Counterparty or Global Prime.

Clients benefit from this dedicated Security Trust by Global Prime holding the benefit of the Claims and Surplus only for CFD dealings, before and during any insolvency until CFD Clients are paid out. (Full terms of the Security Trust are available free of charge on request.)

Solvency of Global Prime

The risks you have by dealing with Global Prime (due to it being paid all of your moneys deposited into the client trust account and Global Prime then making a corresponding hedge transaction with its Hedge Counterparty funded by those payments) cannot be simplistically assessed by reference to historical financial information about Global Prime or its Hedge Counterparty or general statements of principle. The credit risk you have on Global Prime depends on its solvency generally, as well as on the amount (and kind) of its capitalisation, its cashflow, all of its business risks, its client and stock concentration risks, its counterparty risks for all of its business and transactions (not just the CFDs), its risk management systems and actual implementation of that risk management.

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

For so long as the Hedge Counterparty is only the person nominated in the table below (the holding company of Global Prime), Global Prime does not intend to maintain its own Security Trust Bank Account but instead will transfer all payments directly to the equivalent security trust bank account maintained by the Hedge Counterparty for its clients (including Global Prime). This is to reduce payment delays and errors, to optimise the trading for its Clients. Some other CFD issuers also do not maintain an account for any surplus but send all client-sourced funds to their hedge counterparties. Global Prime believes this is appropriate in its own case since the funds are sent to its Hedge Counterparty, its own holding company, to be held in an account under a comparable security trust arrangement and also limited in its use. Global Prime may in the future from time to time change this and establish one or more Security Trust Bank Accounts, since that flexibility is intended by the Security Trust; however, it does not intend to do so in the foreseeable future.

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 Global Prime.

The Global Prime annual directors' report and an audited annual financial report are available free on request by contacting Global Prime.

Payments to you in Global Prime Insolvency

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

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

This trust:

- Global Prime is always able to pay Clients from its other available funds other than those held in the client moneys trust account (if any).
- Global Prime is always able to pay Clients from its other available funds other than those held in the Security Trust.

The above arrangements, the limited recourse and the Security Trust combine to give better protection to its Clients:

- by confining Global Prime’s use of Client-sourced moneys ultimately only for CFD-related purposes;
- by maximising the protection for CFD-related Surplus funds and ensuring they are only used for CFD-related purposes;
- by maximising the protection of Claims and Surplus for the benefit of CFD Clients if Global Prime becomes insolvent.

Hedge Counterparty risk

The following information is applicable with respect to Global Prime’s Hedge Counterparty as at the date of this PDS:

Global Prime’s Hedge Counterparty:	Gleneagle Securities (Aust) Pty Limited (Gleneagle Securities)
Website of Hedge Counterparty:	www.gleneaglesecurities.com
Further information:	The Gleneagle Securities annual directors’ report and an audited annual financial report are available free on request by contacting Global Prime.

You should note that:

- Gleneagle Securities has not been involved in the preparation of this PDS nor authorised any statement made in this PDS relating to it.
- Gleneagle Securities has no contractual or other legal relationship with you as holder of the CFD. Gleneagle Securities is not liable to you and you have no legal recourse against Gleneagle Securities (because Global Prime acts as principal to you and not as agent) nor can you require Global Prime to take action against Gleneagle Securities.

- Gleneagle Securities is the holding company of Global Prime. Gleneagle Securities is not responsible for Global Prime’s solvency or performance even though it wholly owns Global Prime.
- Gleneagle Securities 100% hedges all of the hedge contracts which it makes with Global Prime by making hedge contracts with one of a number of market participants. Gleneagle Securities and Global Prime have a joint margin policy to ensure the group maintains prudent margining and risk management. A copy is available free on request by contacting Global Prime.
- Global Prime gives no assurance as to the solvency or performance of any Hedge Counterparty. Global Prime does not make any express or implied statement about the solvency or credit rating of any Hedge Counterparty.
- 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, that gives no assurance that the Hedge Counterparty has good credit quality or it will perform its obligations to Global Prime.
- The credit quality of a Hedge Counterparty can change quickly. Global Prime 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 or because they are not licensed to allow such reports to be cited in the PDS given to retail clients.
- If material information about a Hedge Counterparty in this PDS changes or a significant matter later changes, Global Prime will issue a supplementary product disclosure statement, a replacement product disclosure statement or a new product disclosure statement. If the new information is not materially adverse to you, Global Prime will provide the updated information on its website.

Global Prime is not authorised to set out in this PDS any further information published by the Hedge Counterparty and Global Prime 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 Global Prime before deciding whether to invest in CFDs, please first contact the Hedge Counterparty listed above. Global Prime will also reasonably assist you to locate such other information as is publicly available to Global Prime.

Section 4 – Significant Risks

Using 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.

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 Global Prime (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 moderate to high risk of your potential loss on CFDs being unlimited – more than the amount you pay Global Prime 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.
Client moneys are applied to pay for your CFDs:	The money which you pay into the client moneys trust account is not kept there but is withdrawn to pay Global Prime before the CFDs are issued to you, even if you pay more than the minimum Margin required. Your client moneys cannot be retained in the client moneys trust account because you need to pay Global Prime before the CFD is issued to you. You can minimise your loss of funds held on trust for you by only paying into the client moneys trust account the amount you are prepared to lose. Please see “Detailed explanation of Client Moneys when establishing a CFD Position” on page 5.

Key Risks	Important issues
Margin risk:	<p>You must be able to pay to Global Prime 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 Security.</p> <p>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 Security moves rapidly against you, you will be required to pay more Margin on little or no notice.</p> <p>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 Global Prime.</p>
Foreign exchange risk:	<p>Foreign currency conversions required for your Account (see Section 5 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to 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).</p> <p>You can minimise this risk by selecting CFDs with foreign exchange exposure that you are prepared to incur and to monitor.</p>
Counterparty risk on Global Prime:	<p>You have the risk that Global Prime will not meet its obligations to you under the CFDs. Global Prime's CFDs are not Exchange traded so you need to consider the credit and related risks you have on Global Prime.</p> <p>Global Prime believes that your counterparty risk on Global Prime is low, especially due to its 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.</p> <p>You can minimise your counterparty risk on Global Prime by limiting the amount you pay Global Prime, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management.</p>

OTHER SIGNIFICANT RISKS

You should consider these significant risks involved in CFDs:

Significant Risk	Important issues
Market risk:	<p>Financial markets such as futures markets can change rapidly; they are speculative and volatile. Prices depend on a number of factors including, for example, commodity prices or index levels, interest rates, demand and supply and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation.</p> <p>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.</p> <p>There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.</p> <p>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.</p>
Not a regulated market:	<p>The CFDs offered by Global Prime are over-the-counter 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.</p> <p>Over-the-counter contracts, by their nature are not liquid investments in themselves. If you want to exit your CFD, you rely on Global Prime's ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Security.</p> <p>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.</p>
Market disruptions:	<p>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. This is because the market disruption events which affect the Underlying Security will also affect the CFD on the same or very similar basis. 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.</p> <p>You can minimise the effect of Market disruptions by obtaining information released by the Exchange relevant to your CFDs and taking action after the event as appropriate (if any) to your CFDs, such as Closing Out because the values have significantly changed since before the event.</p>
Orders and gapping:	<p>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.</p> <p>Global Prime's ability to Close Out a CFD depends on the market for the Underlying Security. Stop Orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the order, since they are not guarantees that there will be no loss.</p> <p>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.</p> <p>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 Global Prime.</p>

Significant Risk	Important issues
Online trading platform:	<p>You are responsible for the means by which you access the online trading platform or your other contact with Global Prime. If you are unable to access the online 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.</p> <p>Global Prime may also suspend the operation of the online 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, Global Prime has discretion in determining when to do this. If the online trading platform is suspended, you may have difficulty contacting Global Prime, you may not be able to contact Global Prime at all, or your orders may not be able to be executed at prices quoted to you.</p> <p>There is a moderate to high risk that Global Prime 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 Global Prime in relation to the availability or otherwise of the online trading platforms, nor for their errors and software. Please review the terms and any guidance material for any particular online trading platform.</p>
Exchange:	<p>The rules of the relevant Exchange govern the trading in an Underlying Security which is Exchange-traded and so will indirectly affect the dealing in those CFDs.</p>
Conflicts:	<p>Trading with Global Prime for its CFDs carries an unavoidable risk of actual conflicts of interests because Global Prime is acting as principal in its CFD Transactions with you and Global Prime sets the price of the CFDs and also because it may be transacting with other persons, at different prices or rates, or Global Prime will be trading with market participants.</p> <p>The policy used by Global Prime is that as principal it issues the CFD to you based on the price it gives you, not by acting as broker to you. Global Prime obtains its price by dealing with its own Hedge Counterparty. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring Global Prime's CFD pricing compared with other CFDs which have comparable terms and by monitoring the underlying market.</p> <p>The other trading activities of Global Prime, such as acting as broker to its clients, are conducted without reference to Global Prime's dealing in CFDs with you. Global Prime will make those transactions as principal or as agent, and will do so to hedge its position and with the intention of making a profit.</p> <p>Global Prime's hedging with Gleneagle Securities raises a potential conflict of interest; however, this is minimised so as not to be a material or significant economic issue for Holders of Global Prime's CFDs because the policy of Gleneagle Securities is to fully and immediately hedge all of its contracts with Global Prime with one of its hedge counterparties. Global Prime indirectly gets the benefit of those hedging arrangements and so do Holders of Global Prime's CFDs.</p>
Valuations:	<p>The CFDs are valued by Global Prime. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Security on the relevant Exchange which in turn affects the price quoted by the relevant Hedge Counterparty to Global Prime.</p> <p>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 Security is halted or suspended, Global Prime may exercise its discretion to determine a value.</p> <p>Due to the nature of CFDs, in common with industry practice for such financial products, Global Prime's discretion is unfettered and so has no condition or qualification. While there are no specific limits on Global Prime's discretions, Global Prime 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 Global Prime in the circumstances permitted by the Account Terms.</p>
Regulatory bodies:	<p>A Client may incur losses that are caused by matters outside the control of Global Prime. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the client by reason of the effect of those actions on the Underlying Security and so the terms of the client's 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 Security for the Client's CFD.</p>
Global Prime's powers on default, indemnities and limitations on liability:	<p>If you fail to pay, or provide security for, amounts payable to Global Prime or fail to perform any obligation under your Transactions, Global Prime has extensive powers under the Account Terms to take steps to protect its position. For example, Global Prime 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 Global Prime for certain losses and liabilities, including, for example, in default scenarios.</p> <p>You should read the Account Terms carefully to understand these matters.</p>
Operational risk:	<p>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 online trading platform or in the provision of data by third parties.</p>

Section 5 – Costs, Fees & Charges

COSTS, FEES & CHARGES

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

CFD TRANSACTION FEES

We charge a Transaction Fee on each CFD. Our rates vary depending on the type and level of service required, and the frequency and size of transactions. The standard fee for CFDs you will be charged per Transaction is typically between 0.1% and 1% (including GST) of the value of the Transaction and is up to a maximum of 5% (including GST). The fee accrues immediately upon execution of the trade, 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 – see the examples below.

FINANCE CHARGES/CREDIT

We may apply a finance charge specifically on CFDs however if we apply the finance charge specifically on CFDs held it will be applied daily on the face value of all open positions in your Account.

There is a Finance Charge applied to your Account and to each Trading Account if the value of the Withdrawable Funds is a negative number.

The Finance Charge is calculated on the Account, which might have CFDs or other financial products such as foreign exchange OTC Transactions (depending on what you have traded).

Applying the Finance Charge in this way benefits you by charging a Finance Charge only on the overall positions you have, not an aggregate of charges on each position. Since the Withdrawable Funds of the Account is calculated on open positions on all your Accounts, it is important for you to make sure that sufficient cash is credited to your Account; otherwise, your Account could be subject to the Finance Charge in an amount exceeding any credit interest payable on your Accounts.

The Finance Charge debited to your Account will be calculated using the Base Rate (see definition in Glossary) applied to the negative amount of Withdrawable Funds. The interest rate will differ, depending on a number of factors such as whether you are going long or short, any currency other than the Australian dollar is involved in your Transaction, the Exchange or jurisdiction where the Underlying Security is traded and the kind of CFD.

For example, if the Withdrawable Funds is negative A\$30,000 for 10 days and assuming the Base Rate is 7.5% p.a., then the Finance Charge will be calculated as $A\$30,000 \times (7.5\%/365 \text{ days} \times 10 \text{ days}) = A\61.64 or $A\$6.164$ per day (365 days applies to this scenario, not 360 days).

A Finance Charge also may be credited to your Account using a particular Base Rate applied to the positive amount of Withdrawable Funds. There may be trading scenarios when you have short CFD positions but you are charged a Finance Charge (instead of being credited), due to the Base Rate being a negative rate, depending on the particular short CFD you choose to trade. See the Trading Conditions and the order ticket's reference to the interest amount you would be charged before confirming your Order.

Global Prime may at any time without prior notice apply different Base Rates according to different kinds of CFDs or different tiers of volume of trading and may choose not to credit any Finance Charge at all or not if the amount of Withdrawable Funds falls below limits set by Global Prime from time to time.

A Finance Charge may be imposed if you have not paid Global Prime any amount you are required to pay, such as an overdue payment to close an Account. The rate of Finance Charge for such shortfall is the Base Rate plus 4% p.a.

CONVERSION FEE

You will be charged a "conversion fee" when converting currencies to the currency of your Account. This occurs each time there is a conversion from a trade currency to the currency of your Account. The conversion fee charged is up to a maximum of 200 basis points (2.00%) of the Transaction's full face value being converted.

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 Global Prime). Bank charges and fees imposed on Global Prime to clear your funds or in respect of your payments will also be charged to your Account.

The Account Terms may allow Global Prime 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 (e.g. the ASX) for your use of information feeds or for online transaction services. Global Prime may debit these amounts to your Account.

Exchange Fees

To enable your CFDs to trade on individual shares at market prices our dealing interface features share feed prices direct from the relevant stock exchange. The prices we publish for equity CFDs on shares are supplied to our trading platform from the relevant Exchange. Charges are incurred if we distribute data in this manner.

For clients who subscribe, the applicable exchange fees may be charged to your Account in accordance with the terms set out in the Trading Conditions published on our website. We may remove your access to an Exchange's price data if you do not have sufficient funds in your Account to cover the data fees. Your Account may be left with a debit balance as a result of ongoing data fees.

Alternatively, we offer a "delayed data" service which provides you with a delayed price stream free of charge. The delayed data service provides a real-time quote on request.

Section 6 – General Information

ACCOUNTS DENOMINATED IN FOREIGN EXCHANGE

Each Account may be denominated in Australian dollars or any other currency permitted by Global Prime from time to time.

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

DISCRETIONS

Global Prime 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
- closing your positions and setting the Closing Price

Our other discretions include:

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

POLICIES

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

The policies are available from Global Prime by contacting us and we will send you a copy free of charge.

Our key policies relevant to CFDs currently are:

- client money policy
- client suitability policy
- margin call policy
- conflicts of interests management policy.

ANTI-MONEY LAUNDERING LAWS

Global Prime is subject to anti-money laundering and counter-terrorism financing laws (**AML laws**) that can affect your CFD trading. If your Account is established, Global Prime may disclose your personal information or stop transactions on your Account for the purposes of the AML laws or under

Global Prime's AML laws procedures, without liability to you for any loss that arises due to that occurring.

ASIC GUIDES

ASIC has stated that it will release guides to disclosure on CFDs, counterparty risk and how margin calls work. Potential investors are encouraged to contact ASIC or to visit the ASIC website (www.asic.gov.au) for any information released by ASIC on these and other important features and risks of dealing in CFDs.

ABOUT GLOBAL PRIME

Global Prime is an Australian owned investment company. Further information about Global Prime is available on its website at www.globalprime.com.au. Global Prime will provide on request free of charge a copy of its most recently available audited financial reports.

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 IVA 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. Global Prime's 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 Global Prime with your tax file number or an exemption category, Global Prime 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 for 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 Ruling GSTD 2005/3, available from www.ato.gov.au.

Stamp Duty

The opening of a CFD, payments made under a CFD and the Closing of a CFD will not attract a stamp duty liability.

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 Global Prime, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

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 Global Prime when making, holding, varying or closing out CFDs.

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.

GLOBAL PRIME INSURANCE

Global Prime 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 from dealing with its Hedge Counterparty or if there is fraudulent activity by one of Global Prime's employees, directors or authorised representatives that results in your money being used in fraudulent activities. If the insurance policy is insufficient or the insurer fails to perform its obligations, Global Prime may not be able to make the payments it owes to you.

DISPUTE RESOLUTION

Global Prime wants to know about any problems you may have with the service provided to you so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please see the document "Summary of Complaints Handling Procedure – Information for Clients", available from Global Prime by contacting your adviser, and then take the following steps:

1. Contact your adviser and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
2. If your complaint is not satisfactorily resolved through your adviser, within 5 business days of receipt of your complaint, please contact the Compliance Department on 02 8277 6600 or put your complaint in writing and send it to the Compliance Department at:

Level 10, 2 Bligh Street
Sydney NSW 2000

Global Prime will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within 5 business days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 45 days of receipt of your written complaint.

3. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service Ltd (FOS), if your complaint is within its rules. FOS is an external dispute resolution scheme. The contact details for FOS are:

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

Global Prime is a member of the FOS complaints resolution scheme, membership number 24605. The service provided to you by FOS is free.

4. 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.

PRIVACY

All of the information collected by Global Prime, 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.

Global Prime has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 2000.

Significantly, these include the following:

1. Collecting personal information

In collecting personal information, Global Prime 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, Global Prime also collects information on directors of a corporate client or agents or representatives of the client. Global Prime may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

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

As Global Prime 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

Global Prime 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 Global Prime no longer requires the information for the purpose referred to above.

CONSENT

Gleneagle Securities (Aust) Pty Limited has consented to its name being given in this PDS in the form and context as it appears and has not withdrawn that consent as at the date of this PDS.

Section 7 – Glossary

Account means your overall account with Global Prime established under the Account Terms and all Transactions recorded in them. Your Account will have one or more Trading Accounts.

Account Terms means the terms by which you deal in Transactions (as amended from time to time). For the CFDs covered by this PDS, these terms will be the CFD terms which were available with your application form for the Account (as later amended). Amendments may be notified to you from time to time in accordance with your current Account Terms.

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 Rate means the amount nominated by Global Prime for this term from time to time, as notified to you (including through online services) 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.

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

CFD means a contract for the parties to pay in cash the difference in prices of financial products on the terms of the Account, including the CFD Terms.

CFD Terms means the terms for CFDs supplementing or otherwise part of the Account Terms.

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

Client refers to the person who has the Account.

client moneys trust account is the trust account operated by Global Prime for compliance with Part 7.8 of the Corporations Act to receive your deposits of moneys.

Close Out, Closed Out and Closing Out in relation to a Transaction means discharging or satisfying the obligations of the Client and Global Prime 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 Security.

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

Contract Value means the face value of the CFD, and is calculated by Global Prime by multiplying the price (or, if an index, level) of the relevant Underlying Security by the number of securities (or, if an index, multiplier) specified in or for the purposes of the CFD.

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 Security over which the CFD is offered is traded.

Exchange means the market operated by the ASX, ASX 24 (formerly the Sydney Futures Exchange) 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 Global Prime participates from time to time, whether directly or through agents or other market participants.

Finance Charge means a charge payable by you in respect of your Transaction, in accordance with the Account Terms.

Global Prime means Global Prime Pty Limited ABN 74 146 086 017; Australian Financial Services No. 385 620.

Hedge Counterparty means a person with whom Global Prime enters into a hedge contract to hedge Global Prime's exposure to a CFD.

Initial Margin means the amount which you are required to pay to Global Prime 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.

Margin means the balance of the amount of cash or other assets required to cover dealing through an Account.

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

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

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

Security Trust is the trust which governs the Security Trust Bank Account and the Claims.

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.

Surplus is used in this PDS to refer to all of the surplus funds which Global Prime has, sourced from your Margin payments to it, which Global Prime has not paid to the Hedge Counterparty or paid as your fees and charges and so is held in the Security Trust Bank Account until used in accordance with the terms of the Security Trust.

Trading Account means a specific account within your overall Account, which can be set up to apply to one particular currency or one particular group of CFDs, such as equity CFDs. The Trading Accounts are for your administrative convenience – they are not segregated trading accounts quarantined from each other.

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

Transaction Fee means the fee or commission from time to time specified by Global Prime to be the amount payable by you to Global Prime 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 investment is just a general expression for the kind of investments that make up the Underlying Securities, rather than referring to a specific Underlying Security for a CFD.

Underlying Security means any security, financial product, foreign exchange, 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 Security which is a share or other similar equity financial product also apply when the Underlying Security 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 Security).

Variation Margin means an amount which you are required to pay to Global Prime as additional Margin cover.

we or **us** refers to Global Prime.

Withdrawable Funds means the amount calculated by Global Prime 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); and
- the Withdrawable Funds of a Trading Account, being:
 - the cash balance of the Trading Account (if any); plus
 - the value of any unrealised profits and minus the value of any unrealised losses of all open positions in the Trading Account.

The amount is subject to final adjustment by Global Prime at any time including immediately after payment of cash to you for any reason whatever, including changes in the value or level of Underlying Security, 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.

Global Prime office directory

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