ECN TRADE PTY LTD

Product Disclosure Statement

Margin FX and CFD's

06th August 2019

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Enclosed is a document you must read and understand as it is a client agreement between you and ECN Trade Pty Ltd
You should obtain your own independent financial advice as to whether Margin FX Contracts are appropriate for you

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Introduction and Disclaimer

This Product Disclosure Statement (**PDS**), which is updated 6th August 2019, has been prepared and issued by ECN Trade Pty Ltd (ACN 127631145) (**we** or **us**). It provides you with key information about our margin foreign exchange contracts (Margin FX Contracts), together referred to as "Margin Contracts" and Contracts for Difference (CFDs).

The information contained in this PDS does not constitute a recommendation, advice or opinion and does not take into account your individual objectives, financial situation, needs or circumstances. This is an important document and should be read in its entirety before entering into a financial product with us. This document does not form part of the Client Agreement; nor should it be read instead of that Agreement. We will provide a paper copy of this PDS free of charge upon request.

The information in this PDS is current as at 6th August 2019 and may be updated from time to time where that information is not materially adverse to clients. We may issue a supplementary or replacement PDS as a result of certain changes, which will be available in paper copy upon request and free of charge by contacting us.

For information regarding our full range of products and services, please read our Financial Services Guide. If you have any queries, please contact us.

1.1 Jurisdiction

The distribution of this PDS may be restricted in certain jurisdictions outside Australia. Persons into whose possession this PDS comes are required to inform themselves of, and to observe, such restrictions. This PDS does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

If you are a non-resident of Australia dealing with us you should note:

- the law governing your dealings with us is the law of New South Wales, Australia;
- your rights against us are restricted as set out in the Client Agreement;
- moneys which you deposit with us are not loans to us, and will be regulated by the Australian Client Money Rules;
- times are AEST times, unless stated otherwise.

1.2 Warning

The financial products offered by us in this PDS are derivatives as defined in the Corporations Act.

You should not engage in derivative transactions or enter into derivative related contracts unless you properly understand the nature of derivative related products and are comfortable with the attendant risks. You should obtain financial, legal, taxation and other professional advice prior to entering into a Margin FX Contract, or CFD to ensure this is appropriate for your objectives, needs and circumstances and in relation to the impact of any gains or losses on your particular financial situation.

1.3 Regulatory Guide 227 Disclosure Benchmarks

Regulatory Guide 227 (RG227) issued and monitored by ASIC sets out 7 disclosure benchmarks for over the counter margin foreign exchange and contracts for difference. Product disclosure statements must address the benchmarks on an "if not, why not" basis. The table below sets out ECN trade's disclosure against the benchmarks for this PDS:

Benchmark	Meets RG227 Benchmark	Explanation
1. Client Qualification	Yes	On application, ECN trade assesses a potential client's qualifications and experience to ascertain the suitability of our products. See section 3.1 Applying to Deal with us for more information
2. Opening Collateral	Yes	This benchmark requires disclosure of acceptance of initial capital for account opening. ECN Trade may only accepts non-physical cash (TT, BPay) or cash equivalents (such as credit cards) as opening collateral when establishing an account and

		limits initial Credit Card deposits to $1000 See section 3.2.
3. Counterparty Risk – Hedging	Yes	ECN Trade maintains a written policy and actively manages its exposure to market risk from open positions. See section 16.8 Counterparty Risk and the risks section of our website for more information
4. Counterparty Risk – Financial Resources	Yes	As part of the AFSL regime ECN Trade maintains and applies policies to ensure that it meets the financial requirements of its AFS licence. We maintain an Adjusted Surplus Funds buffer for such occurrences as required by ASIC. See section 16.8 Counter Party risk. Financial stress tests are done on a adverse movements on instruments to monitor such risks
5. Client Money	Yes	In line with current ASIC regulations ECN Trade has a well-defined Client Money policy and holds all client monies on trust with a tier 1 Australian bank on a fully segregated basis. We do not use client money for any purpose, including meeting obligations incurred by us when Hedging with other counterparties or meeting the trading obligations of other clients. See section 17.1/2/3/4 Dealing With Your Money for more information.
6. Suspended or halted underlying assets	Yes	There is no trading in positions with ECN Trade when there is a trading halt in an Underlying Reference Instrument. See section 16.4 Derivative Markets and section 20 Discretions for more information
7. Margin Calls	Yes	ECN trade has a clear policy in relation to margin calls and our rights to close out positions. See sections 9.17,-9-20 Margin Calls for more information

ECN trade as the issuer of these financial products will continue to meet these benchmarks on an ongoing basis

1.4 Use of Examples

The use of examples in this PDS is provided for illustrative purposes only and does not necessarily reflect current or future market prices or the prices that we will apply to trade; nor how such trades have an impact on your personal circumstances.

1.5 Anti-Money Laundering Legislation

We may require further information from you from time to time to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act). By opening an account and transacting with us, you undertake to provide us with all additional information and assistance that we may reasonably require to comply with the AML/CTF Act.

You also warrant that:

- you are not aware and have no reason to suspect that:
  - the monies used to fund your transactions have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement;
  - the proceeds of your investment will be used to finance any illegal activities; and
- you are not a politically exposed person or organisation as the term is used in the Anti-Money Laundering and Counter-Terrorism Rules Instrument 2007 (1).

1.6 Purpose and Contents of this Product Disclosure Statement

This PDS is designed to provide you with important information regarding our range of financial products, including the following information:

- Who we are;
- How you can contact us;
- Which products we are authorised to offer;
- Key features/risk/benefits of these products;
- Fees and charges for these products;
- Any potential conflicts of interest we may have; and;
- Our internal and external dispute resolution process.

1.7 Name and Contact Details of Issuer/Service Provider

We are the issuer of this PDS and the financial product provider.

1.8 You can contact our office by any of the means listed below:

Suite 1301, Level 13
2 Park Street Sydney, NSW, 2000
Phone: 1300 733 452
Email: support@ecntrade.com.au

1.9 Representations

The information contained in this PDS is general advice only and does not take into account your particular financial objectives, needs and circumstances. You should obtain your own professional advice to ensure you fully understand the nature and risks of these products and determine their suitability for your situation.

Neither this PDS nor the financial products issued by us are endorsed or approved by the Australian Securities and Investments Commission (ASIC).

1.10 Nature of Advice We Offer

We are the issuer of this PDS and hold Australian Financial Services Licence number 388737 which authorises us to provide the following financial services to retail and wholesale clients:

- provide financial product advice regarding foreign exchange contracts and derivatives;
- deal in foreign exchange contracts and derivatives; and
- make a market in foreign exchange contracts and derivatives.

As pointed out above, our financial products are "derivatives", as defined in section 761D of the Corporations Act.

In general, we provide general advice and neither collect, nor take into consideration, information regarding your financial circumstances and needs. It is recommended that you take all reasonable steps to fully understand the outcomes of our financial products and strategies adopted in relation to utilising the general information provided by us to you. You should obtain financial, legal, taxation or other professional advice.

2. SUMMARY OF THE KEY ISSUES WHEN DEALING IN MARGIN FX CONTRACTS AND CFDS WITH ECN TRADE

This is a summary only of the key features and characteristics involved in dealing in our Margin Contracts and CFDs. In addition to this summary, you should ensure you have read and understood the contents of this PDS, the Client Agreement and our Financial Services Guide (FSG).

Issue	Summary	For more detail
Who is the issuer of this PDS, the Margin FX Contracts and the CFDs?	We are both the issuer of this PDS and the provider of Margin Contracts (Margin FX Contracts and and CFDs).	
What is a foreign exchange transaction?	Foreign exchange is about exchanging one currency for another. In a foreign exchange transaction one currency can be bought or sold in exchange for another currency	Section 6.1
What financial products do we provide?	Margin FX Contracts and CFDs. This PDS only deals with Margin FX Contracts and CFDs.	
What are Margin Contracts?	A Margin Contract is an agreement under which you may make a profit or incur a loss arising from fluctuations in the price of the contract. The price of our Margin Contracts is based on the price of an underlying currency or commodity (Underlying Instrument). However, you do not own that Underlying Instrument or trade it on an exchange by owning a Margin Contract. By entering into a Margin Contract, you are either entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price of the contract. The amount of any profit or loss made on a Margin Contract will be the net of: • the difference between the price of the contract when the position is opened and the price of the contract when the position is closed; • any Margin adjustments in respect of the contract; • any Rollover Charges and Rollover Benefits relating to the contract. The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as interest on debit balances. The amount of any profit made on a Margin FX contract will be the net of the difference between the price of the sold contract and the bought contract	Section 6.4
What is a CFD?	A contract for difference or CFD is an agreement which allows you to make a profit or loss from fluctuations in the price of the CFD. The price of the CFD is based on the price of an underlying instrument; for example, a share on an exchange. However, you do not own that Underlying Instrument or trade it on an exchange by owning a CFD. By entering into a CFD, you are either entitled to be paid an amount of money, or required to pay an amount of money, depending on movements in the price of the CFD. The amount of any profit or loss made on a CFD will be the net of: • the difference between the price of the CFD when the CFD position is opened and the price of the CFD when the CFD position is closed;	

Issue	Summary	For more detail
	• any adjustments made in respect of the CFD; and • any Rollover Charges, Rollover Benefits, Financing Charges and Financing Benefits relating to the CFD The balance in your Account will also be affected by other amounts you must pay to us in respect of your Account such as exchange fees and interest on debit balances.	
What is a Position?	A Position is a Margin Contract or CFD entered into by you under the Client Agreement.	
A Margin Contract or CFD is issued "over the counter". What does this mean?	Over the counter ("OTC") means that you do not trade in Margin Contracts or CFDs through an exchange or market; rather, it is a transaction between you and us. This means you can only enter into contracts in relation to our products with us. You do not have the protections normally associated with trading on a regulated market. It is not possible to close a Margin Contract or CFD by giving instructions to another provider, broker or Australian financial services licensee.	
What charges are payable when dealing in Margin Contracts?	The common fees and charges you will incur when dealing in Margin Contracts may incorporate any or all of the following: • Payment of Margins; • Margin adjustments; • Rollover Charges calculated at our Rollover Rates; • Interest charges applied to debit balances in your Account; • Administration charges; and In addition, we will apply a bid / offer spread in respect of financial products, which will also affect the profits or losses you make when dealing with these contracts.	
What charges are payable when dealing in CFDs?	The common fees and charges when dealing in CFDs may incorporate any or all of the following: ▪ Margin adjustments and Financing Charges; ▪ Rollover Charges calculated at ECN Trade's Rollover Rates; ▪ Interest charges applied to debit balances in your Account; ▪ Exchange fees; ▪ Administration charges; and ▪ Commissions in the case of Share CFD's In addition, we will apply a bid / offer spread in respect of our CFDs, which will also affect the profits or losses you make when dealing in CFDs.	

Issue	Summary	For more detail
How do I open an Account?	Read this PDS, the Client Agreement and our FSG, and then complete an Application Form and suitability test. You may obtain these documents by: • telephoning us on 1300 733452 • going to our website at www.ecntrade.com.au	Section 3
What is the minimum balance to open an account?	AUD$200 for Australian clients. AUD$200 or its currency equivalent for Foreign Clients. Unless otherwise specified, all dollar amounts referred to in this PDS are denominated in Australian Dollars.	
How do you deal in Margin Contracts or CFDs with us?	You may place orders to deal in Margin Contracts or CFDs in two ways: • using our Trading Platform through a computer connected to the internet or your mobile telephone. We will not accept orders or instructions from you through any other means, such as email, unless we have previously agreed with you to do so. It is possible for a third party to place orders on your behalf provided that a written Power of Attorney or authority has been received and accepted by us.	Section 9
What are “long” and “short” positions?	You go “long” when you buy a Margin Contract or CFD or place an order to open a Position in the expectation that the price of the Underlying Instrument will increase, which would have the effect that the Position’s price will increase. You go “short” when you sell a Margin Contract or CFD or place an order to open a Position in the expectation that the price of the Underlying Instrument will decline, which would have the effect that the Position price will decline. If this occurs, because you have sold a Margin Contract or CFD (rather than bought a Margin Contract or CFD), you would make a profit if you closed the position at this point, subject to our fees and charges.	
How do I close-out a position?	You close a Position in a Margin Contract by you closing out the existing position.	Section 14
How do we deal with your money?	Moneys which you deposit with us will be regulated by the Australian Client Money Rules.	Section 17.1
What is my “Total Equity”?	Your “Total Equity” is the aggregate of: • the current cash balance in your Account; and • your current unrealised profits and losses.	
What is my “Free Equity”?	Your “Free Equity” is your *Total Equity* less your current Total Margin Requirement including premiums (see below). The *Free Equity* is the amount that you may withdraw from your Account or use to cover additional Margin requirements.	
What is Margin?	Margin is initially the amount that you must have in your Account to enter into a Margin Contract or a CFD with us. The level of Margin required to open and maintain these	Section 9.9

Issue	Summary	For more detail
	contracts is called the "Initial Margin Requirement". The sum of your Margin Requirements for all of your open Positions is called the "Total Margin Requirement". Margin Requirements will fluctuate with the value of the Underlying Instrument on which the contract is based. Further, where you deal in a contract that is denominated in a currency other than the Base Currency of your Account, your Margin Requirement may also be affected by fluctuations in the relevant foreign exchange rate.	
What is a Margin Call by us?	A Margin Call is a demand for additional funds to be deposited into your Account to meet your Total Margin Requirement because of adverse price movements on your open Positions.	Section 9.9
How are payments made in and out of my Account?	You may deposit funds by credit card, electronic transfer, or by cheque. All funds must be Cleared Funds in your Account before they are treated as satisfying a Margin Call or can be made available for you to use in dealing in Margin Contracts or CFDs. Payments using electronic transfer are not Cleared Funds in your Account at the time of transfer. Generally, Cleared Funds are received in your Account 24 hours after transfer We will pay you through electronic transfer.	
Do I receive interest on moneys held in my Account or pay interest on moneys I owe to you?	No: We will not charge interest on any debit balances in a currency ledger on your Account.	Section 10.6.9
Do I pay any Financing or Rollover Charges?	You may be required to pay a Financing or Rollover Charge on long Positions that remain open overnight. However, you should note that on occasions when you have long Positions in Margin FX Contracts and Bullion CFDs you may in fact receive Rollover Benefits.	Section 10.2
Do I receive any Financing or Rollover Benefits?	You may receive a Financing Benefit or Rollover Benefit on short Positions that remain open overnight. However, you should note that on occasions when you have short Positions in Margin FX Contracts and Bullion CFDs you may in fact pay Rollover Charges.	Section 10.2
What are the key benefits?	Some of the key benefits for each type of Margin Contract and CFDs offered by us in this PDS are set out in section 15.	Section 14
What are the risks of Margin Contracts and CFDs?	Margin Contracts and CFDs are derivative products that are speculative, highly leveraged, and carry significantly greater risk than non-geared investments such as shares. **You may incur losses to the extent of your total exposure to us and any additional fees and charges that apply. These losses may be far greater than the money that you have deposited into your Account or are required to deposit to satisfy Margin Requirements.** You should obtain your own **independent financial, legal, taxation and other professional advice** as to whether Margin	Section 16

Issue	Summary	For more detail
	Contracts or CFDs are an appropriate investment for you.	
What procedures are in place to deal with your complaints?	We provide complaints handling and dispute resolution process for our clients and are a member of the Financial Ombudsman Scheme (AFCA), an external complaints resolution body.	Section 31
What are the taxation implications of entering into Margin Contracts and CFDs?	The taxation consequences of dealing in Margin Contracts and CFDs depend on your personal circumstances. Some general taxation consequences are set out in section 22. The taxation consequences can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in relation to the impact of foreign exchange and CFD transactions and products on your particular financial situation.	Section 22
How do I learn to use the Trading Platform and how to deal with you?	We offer online tutorials on the use of our Trading Platform, telephone support and attend trade seminars in the dealings with us. We also offer financial education courses. Contact our Client Services for further details or visit the website, www.ecntrade.com.au see below for further information	Section 15.7
What are your trading and office hours?	***Trading Hours*** Trading hours for Margin Contracts and CFDs will depend on the relevant Underlying Instrument Market's hours of operation, and are set out on our website. ***Office Hours*** Our office hours are Monday to Friday, 9.00am to 6.00pm, subject to public holidays, to service your account.	
What if I need further information?	You should speak to your financial advisor, or, alternatively, you can contact us by: • telephone: 1300 733452 • email: info@ecntrade.com.au • internet: www.ecntrade.com.au	
[What additional fees and charges are payable in respect of a Margin Contract or CFD?	Whilst we endeavour to include all fees and charges in the spread quoted, in some circumstances you may incur fees and charges; for details refer to section 10.8	Section 10.8

3. TRADING WITH ECN TRADE

3.1 Applying to deal with us

Before you begin dealing in our Margin Contract and CFD products, you must complete an Application Form and suitability test and be approved by us to open an account. There are 3 Application Forms, one for applicants that are individuals (including joint applicants), one for corporations and one for trusts. Before completing the appropriate Application Form you should read this PDS including the Client Agreement, and the FSG. The Application Forms are available on our website or can be obtained by contacting us.

Your application will be assessed for financial trading experience, suitability of product and financial means by a member of ECN Trade. If the products we offer are deemed unsuitable at the time, we will advise you of this and our reasons and potential remedies if any.

You must provide us with your Application Form, or at any time requested by us, such of the documentation as set out in the Application Form.

The Application Forms require you to disclose personal information. You should refer to the privacy statement in section 32, which explains how we collect personal information and then maintains uses and discloses that information.

3.2 Minimum initial account opening deposit

There is usually a minimum Account opening deposit of AUD$200 for Australian Clients. This may be varied at our absolute discretion from time to time. **Please note that credit Card initial funding is limited to $1000.**

Minimum Total Equity

The minimum Total Free Margin required to hold a position after you have opened your Account is the greater of the two amounts as set out in the following table:

Margin Contracts	1% of the Total Margin Requirement or AUD$200 or its currency equivalent
Bullion CFDs	1% of the Total Margin Requirement orAUD$200 or its currency equivalent
Index CFDs	1% of the Total Margin Requirement or AUD$200 or its currency equivalent
Share CFDs	20% of the Total Margin Requirement or USD$200 or its currency equivalent
Commodity and Treasury CFDs	20% of the Total Margin Requirement or USD$200 or its currency equivalent
Index Future CFDs	1% of the Total Margin Requirement or USD$200 or its currency equivalent

The above levels are referred to as the Liquidation Level. At or below this level we may close-out (i.e., liquidate) some or all of your open positions. Refer to section 9.22 for more details.

ONLINE TRADING STATEMENTS

4.1 Delivery of confirmations and statements electronically

At any time you execute a transaction with us, a confirmation of the executed trade will appear in the Trading Platform. Daily and monthly statements will also be made available to you through the Trading Platform following their respective trading periods. You may print these daily and monthly statements for your records.

4.2 Operating your Account through ECN Trade's Trading Platform

When using ECN Trade's Trading Platform your positions may be viewed at any point in real-time, as well as all deals, orders, pending orders and available statements using the dealing platform. Under clause 6.8 of the Client Agreement you agree to use the Trading Platform to:

- confirm all transactions entered into with us; and
- monitor your obligations to us.

We may make available to you documents updating the PDS (including the Client Agreement), the ECN Trade Product Schedule and the FSG, including any supplementary, revised and new product disclosure statements and financial services guides by either:

- sending them to you by email or other electronic means;
- posting them on our website;
- sending to you an electronic link to the relevant document by email or other electronic means; or
- sending them as otherwise permitted by law.

4.3 Daily statements

Following our end of day settlement time, provided you have dealt or have an open position, we will produce electronically a daily statement which will be emailed to you and then made available on the Trading Platform.

Daily Statements include details of:

- your open Positions;
- your new Positions;
- the opening cash balance on your Account, together with details of Account movements such as deposits, withdrawals or settlements;
- your closing Account balance for the day;
- profits or losses made on Open positions, that is, your Open Trade Equity;
- the value of your Positions and movements on your Account in the currency in which your Account is denominated, indicating, where appropriate the consolidation rates used;
- other items affecting your Account, such as Financing Charges, Financing Benefits, Rollover Benefits or Rollover Charges applied to your Account;
- profit or loss made on open Positions (open trade equity);
- the liquidation value;
- your Total Margin Requirement; and
- your Margin excess or deficit.

4.4 Monthly statements

Following month end, we will produce an electronic version of your trading statement which will be emailed to you and also be available on the Trading Platform. This will provide the same details as the daily statements, but cover all account movements and Positions opened for the month.

4.5 Checking of confirmations

It is imperative that you check all the contents of the Confirmations of your trades and you contact us immediately if you disagree with any of their contents.

The Confirmation will, in the absence of manifest error, otherwise be conclusive. Under clause 6.8 of the Client Agreement the time from which you must contact us begins from the time the Confirmation is posted on the Trading Platform, although we may also send the document to you electronically via email.

4.6 Checking of statements

It is imperative that you check all the contents of the daily statements and monthly statements in detail and contact us within 3 Business Days if you disagree with any of the content of a daily or monthly report.

These documents will, in the absence of manifest error, be conclusive unless you notify us in writing to the contrary within 3 Business Days of receiving them. Under clause 6.8 of the Client Agreement the 3 Business Days begins from the time the document is posted on the Trading Platform, although we may also send the document to you electronically via email.

The summary of your financial position will provide you with your Margin position, and indicate to you whether you are approaching your minimum Total Equity balance. It will also indicate the excess funds available, if any, that you may either use to open new Margin Contracts or CFD Positions or withdraw. It is very important that you remain aware of your daily Total Equity balance, your Total Margin Requirement for your open position(s), and any Free Equity available.

5. ACCOUNT ADMINISTRATION

5.1 Our administration charges

Please refer to section 10.8 for details of our administration charges.

5.2 The currency balances in your Account

(a) The Base Currency of your Account

Your Account is maintained in a currency that you may nominate (the Base Currency). If you are an Australian Client, you will have your Base Currency in AUD if you do not nominate a different Base Currency.

All your profits, losses, Rollover Charges and Benefits and Financing Charges or Benefits in relation to a Margin Contract or CFD are denominated in the currency of the Margin Contract or CFD.

All foreign currency cash balances and unrealised profits and losses shown in your Account can be notionally converted by us into your Base Currency using our applicable prices for Margin Contracts in the relevant cross-currencies at the relevant time in order to calculate your Total Equity in the Base Currency of your Account.

(b) The Currency Ledger Balances of your Account

Upon realising your profit and loss for a Margin Contract or CFD Position denominated in a foreign currency, you will hold a foreign currency balance in your Account. A profit or loss will be automatically converted to the Base Currency of your Account using our exchange rate. The conversion will be at the relevant exchange rate quoted by us as at Settlement Time, which may be different to the applicable ECN Trade Market price for Margin FX Contracts in the relevant cross-currency at the relevant time.

5.3 Interest received or charged on balances in your Account

No interest on Free Equity is paid to your account

6. SIGNIFICANT FEATURES OF DEALING IN DERIVATIVE PRODUCTS WITH ECN TRADE

6.1 What is foreign exchange?

Foreign exchange is about exchanging one currency for another. In a foreign exchange transaction one currency can be bought or sold in exchange for another currency. The exchange rate is the price of one currency (the base currency) in terms of the other currency (the terms currency) and is the price at which this transaction takes place. For example: if the current exchange rate for the Australian dollar against the US dollar (base currency) is AUD/USD 0.7200 (terms currency), this means that an Australian dollar is equal to, or can be exchanged for, 72 US cents.

6.2 What is a Contract for Difference?

A contract for difference (CFD) is a financial product that gives the holder an exposure to an underlying asset without giving any proprietary rights in that asset.

For the purposes of this PDS, we have separated foreign exchange products; Margin FX Contracts and from CFDs, although CFDs have the same legal characteristics as Margin FX Contracts.

6.3 Types of CFDs Issued by Us

In this PDS, we offer CFDs based on the following Underlying Instruments:

- shares and other securities (Share CFDs);
- share indices (Share CFDs)
- gold and silver (Bullion CFDs);
- commodities (Commodity CFDs); and
- equity index futures contracts (Index Futures CFDs);

6.4 Nature of Margin Contracts and CFDs

ECN Trade's Margin Contracts and CFDs are not traded on a licensed financial market, or exchange, but are bilateral agreements between you and ECN Trade, with each party responsible for assessing the credit standing and capacity of the other party before entering into the transaction.

The significant benefits and risks of CFDs and Margin Contracts are discussed in sections 14 and 16.

If you have a need to purchase the underlying currency, i.e. to enter into a position which is to be settled by exchange of currency, our Margin Contracts are not appropriate for you, because they do not involve an exchange of currency at a future point in time.

6.5 How to enter into Margin Contracts and CFDs with ECN Trade

If you wish to enter into Margin Contracts or CFDs with us, you are required to open an account with us. You will be required to complete your details and agree to the terms and conditions contained in the Client Agreement online. The Client Agreement details the rights and obligation of the counterparties. You will then be bound by the Client Agreement.

You will be required to send hard-copies of relevant proof of identify documents to us, which we are required to obtain by Anti-Money Laundering legislation before we can open an account for you to begin trading.

If you cannot open an account online, we will provide you with the requisite Application Form, which incorporates the Client Agreement for you to sign and return to us.

To apply for an account with us, please visit our website.

6.6 Fees and Charges

You will pay fees and charges when dealing in Margin Products and CFDs with us, including charges which are described in section 10.

6.7 Adjustments for Dividends and other Corporate Actions

We may adjust your Account to reflect dividends and certain Corporate Actions (including, but not limited to, bonus issues, rights issues and stock splits) that occur in respect of the Underlying Instrument to which Share CFDs and Index CFDs are referable. Whilst there are no Corporate Action adjustments applicable to other CFDs Rollover Charges and Rollover Benefits may apply as shown below.

CFD Type	Adjustments for Dividends and Corporate Actions	Financing and Rollover Charges and Benefits (see Section 10.2)
Share	Yes	Yes
Index	Yes	Yes
Bullion	Not Applicable	Yes
Commodity	Not Applicable	Yes
Index Future	Not Applicable	No

Adjustments made relating to Dividends and Corporate Actions in respect of the Underlying Instrument will be reflected in your Account (whether by way of a debit or credit of an amount or the increase or decrease in the number of CFDs) should they occur.

The particular adjustments in respect of Cash Dividends and Corporate Action events are detailed in clause 7 of the Client Agreement]. We now summarise these adjustments.

(a) Adjustment for Dividends

Long Share CFD position

If you have a long share CFD position, your Account will be adjusted for any Cash Dividend that the holder of the Underlying Instrument would have received after any tax has been paid or withheld at source by the Underlying Entity (assuming that the holder of the Underlying Instrument is an Australian resident corporate taxpayer). The adjustment will result in your Account being credited with any amount equal to the net amount of the Cash Dividend after taking into account such taxes.

The Cash Dividend is the cash dividend or distribution declared. Accordingly, your Account is not adjusted for any Franking Credits attached to a dividend or distribution on your long Share CFD positions.

Short Share CFD position

If you have a short Share CFD position, your Account will be adjusted by debiting an amount equal to the Cash Dividend. If an Australian share is its Underlying Instrument, we may at our sole discretion hedge our exposure to your short position by borrowing the Australian share from a non resident of Australia for Australian taxation purposes. However, we have no obligation to do so and are under no obligation to inform you as to whether or not we have done so.

If we choose to borrow the underlying Australian share from an Australian tax resident, your Account will also be adjusted for any amount charged to us for any Franking Credits attached to the Cash Dividend, in addition to the amount of the Cash Dividend. That is your Account will be debited with an amount equal to the Grossed-up Dividend.

Where a Cash Dividend is declared in respect of an Underlying Instrument of an Index CFD, any adjustment to your Account for the Cash Dividend declared will also be applied pro-rata by us in proportion to the weighting that the relevant Underlying Instrument has within the index. Adjustments to your Account in respect of Index CFDs will not take into account Franking Credits for both long and short Index positions.

The weighting that a particular Underlying Instrument has within an underlying index is calculated in accordance with the relative market capitalisations of all companies whose securities constitute part of that index, as reported in a specialist dividend forecasting and index tracking service used by us. The weightings of an Underlying Instrument within the index may also be available independently from other specialist dividend forecasting and index tracking services and data vendors.

Timing of Dividend Adjustments

All dividend adjustments relating to a Share or Index CFD will be made by close of business on the day following the ex-dividend date (Refer to clause 7 of the Client Agreement for more detail).

(b) Adjustments for Corporate Actions

When a Corporate Action occurs affecting an Underlying Instrument, we will use our best endeavours to replicate the effects on your CFD position as closely as possible.

We are not obliged to, and do not intend to, provide you with any information or advice about Corporate Actions. You should acquaint yourself with the Corporate Actions that may affect your Account and to decide whether to obtain any advice as to what action you should take in respect of such Corporate Actions.

If we cannot replicate the Corporate Action, we may close and re-open your CFD position at a new price and/or vary the terms of your orders and CFDs to preserve the economic equivalence of the rights and obligations of the parties immediately prior to a Corporate Action. You will be refunded any Commission that you have paid for any of your positions and/or orders that have been closed or re-opened.

In addition, the underlying exchange may purge orders on the Underlying Instrument during Corporate Actions, and when this occurs, your orders may be cancelled by us.

We have a discretion to make adjustments as outlined above. This discretion will only be exercised by us to ensure that any Corporate Action is replicated in your CFD position as closely as possible. {Refer to clause 7 of the Client Agreement for more details.]

(c) Qualifying for Adjustments relating to dividends and Corporate Actions

To qualify for adjustments relating to dividends and Corporate Actions, you must hold the CFD in respect of the affected Underlying Instrument at the close of business on the day preceding the ex-dividend, or equivalent date relating to the Corporate Action as quoted in the Underlying Market.

7. MARGIN FOREIGN EXCHANGE TRADING

Margin foreign exchange trading with us differs from spot and forward trading in that:

1. it does not involve an exchange of currencies or the sale at a future point in time; and
2. there is ordinarily no pre-determined settlement date.

Rather, margin foreign exchange trading with us involves taking spot positions in a foreign currency and, instead of these contracts being settled by exchange of currencies, the positions are "closed-out". Closing-out involves entering into an equal and opposite position with us and generates a profit or a loss which is then settled between us. The resulting profit or loss of the trade is the net result of the difference between the opening and closing exchange rates or prices of each transaction, adjusted for transaction costs.

7.1 Long and Short Positions

You can take both 'long' and 'short' Positions. If you take a long Margin FX Position, you profit from a rise in the underlying base currency price, and you lose if the underlying base currency price falls.

Conversely, if you take a short position, you profit from a fall in the underlying base currency price, and lose if the underlying base currency rises.

7.2 Example of Margin FX trading

You are watching the currency market and, whilst you do not have any physical requirement to buy or sell AUD against the USD, you are of the opinion that the AUD will strengthen against the USD over the next few days.

So, you can either trade online on our Trading Platform or call our desk and ask our staff for a price for you to buy AUD and sell USD with the intention to close-out the trade at some time in the future. You are quoted a AUD/USD rate of 0.7000 and accept that rate. [Note that it is your intention that this position will be closed-out before expiry.

On the next day the AUD has strengthened against the USD and you call our desk and ask our staff for a price for you to sell AUD and buy USD.

You are quoted an AUD/USD rate of 0.7100.

Day 1: Buy AUD $100,000 @ 0.70 against USD

USD value = $70,000

Day 2: Sell AUD $100,000 @ 0.71 against USD

USD value = $71,000

Net trading profit: = USD$1,000.00 gross profit (excluding costs)

***** Please note these rates are used for illustrative purposes only and are not meant to be taken as an actual conversion rate that is available in the market at this time.

***** See below for further examples of Margin FX trading.

8. CFDS

CFDs will be traded in the currency listed in the ECN Trade Products Schedule Currency for that CFD.

8.1 Opening a CFD

A CFD position is opened by either buying (going long) or selling (going short) on a CFD.

You go "long" when you buy a CFD in the expectation that the price of the Underlying Instrument to which the CFD is referable will increase, which has the effect that the CFD price will increase.

You go "short" when you sell a CFD in the expectation that the price of the Underlying Instrument to which the CFD is referable will decline, which has the effect that the CFD price will decline.

We provide you with a number of different order types to facilitate the opening and closing of long and short positions. The order types are discussed in section 12 of this PDS.

8.2 Closing a CFD

You close a CFD by entering into and executing an equal and opposite transaction in the same CFD.

Please also see sections 9.22 and 9.17 on Liquidation Levels and Margin Calls for cases where we may automatically close your CFD positions.

If you close a position, you must cancel any related orders you have placed against that position. Failure to do so will mean that the related orders remain at risk of execution. Please see section 12 for more detail about canceling orders.

9. HOW YOU TRANSACT WITH US

9.1 Establishing a position

To establish a Position, you can trade online or contact us for a quote to enter into the transaction. In the case of a Margin FX Contract you will be quoted a rate or in case of a CFD, a price. Immediately upon receiving the quote, you may make an offer to enter into the transaction the subject of the quote. We are not obliged to accept your offer. Situations, for example, where we might not accept your offer are where you have exceeded limits imposed by us on your account, or where we do not already hold in Cleared Funds the amount of the initial Margin.. We will confirm any transaction we enter into with you.

9.2 Minimum Point Increment

Trading in our financial products involves consideration of movements in the exchange rates and prices.

Movements in these rates or prices are referred to as a 'tick movement', 'tick value', "tick size' or a 'pip movement' and represents the minimum price change between two successive transaction prices (Minimum Point Increment). The Minimum Point Increment can represent either an upward or downward movement in price.

It is important to note that the size and value of a Minimum Point increment can differ between different instruments. The size and value of a Minimum Point Increment are listed in the ECN Trade Product Schedule.

It is arbitrary how many significant figures are used in a rate quotation. For example:

- In the quotation 1 AUD = USD 0.70, one point or one pip means AUD 0.0001.
- In the quotation 1 USD =JPY 102.50, one point or one pip means JPY 0.01.

The effect of an increase of one Minimum Point Increment on the Margin Contract or CFD and the Underlying Instrument is detrimental to a buyer and beneficial to a seller. The effect of a decrease of one Minimum Point Increment is beneficial to a buyer and detrimental to a seller.

9.3 Pricing

Our prices may differ from those in the Underlying Market.

Margin Contracts: the rates we quote to establish or close-out a Position are based on underlying exchange rates and a range of other factors described below. We cannot predict the future rates and our rate quotations and our rate quotations are not a forecast of where we believe rates will be at a future date.

The calculation of the price to be paid (or the payout to be received) at the time the Margin Contract is entered into will be based on our best estimate of market prices, current spot Interbank rates, implied volatilities and other market conditions during the life of the Margin Contract and is based on a complex arithmetic calculation.

Share CFDs: we calculate the prices for Share CFDs by taking into account our expected price of the Underlying Instrument, which is a share.

Index CFDs: our prices for Index CFDs are based on our determination of the fair value of the Index CFD, which is calculated by taking into account our expected price of the underlying futures contract, which in turn is calculated by taking into account the Index level, dividends, days to expiry on the underlying futures contract and compounded interest. Importantly, our expected price of an underlying futures contract may differ from the actual price of the underlying futures contract.

Index Future CFDs: our prices for Index Future CFDs are based on the underlying mid-market price of the Underlying Instrument, which is a futures contract based on an Equity Index, and the application of the ECN Trade Spread (see below).

Commodity CFDs: our prices for Commodity CFDs are based on the last traded price of the Underlying Instrument, which is a futures contract, with the application of the ECN Trade Spread.

Bullion CFDs: our prices for Bullion CFDs are based on the Interbank Rate Prices of the Underlying Instrument, with the application of the ECN Trade Spread.

9.4 The ECN Trade Spread

The bid/offer prices quoted by us for Margin Contracts and CFDs may not be the same as those of the Underlying Instrument in the Underlying Market. This difference is due to the spread favouring us in the price calculation.

This spread is calculated and applied by us having regard primarily to the liquidity in the Underlying Market. As a result, our prices may change in response to the aggregate demand for Margin Contracts and particular CFDs and Underlying Market conditions.

9.5 Our prices may differ from those in the Underlying Market

The real time dealing prices displayed on the Trading Platform are indicative prices that ECN Trade is offering for its products. Furthermore, the ECN Trade Spread may not be the same as the spreads in the Underlying Market.

We will not provide you with access to prices for the Underlying Market or market depth information in relation to the Underlying Market on the Trading Platform. Accordingly, it is for you to access such information from other sources and decide whether you wish to deal in currency or commodities with us or directly in the Underlying Market.

9.6 Calculating Margin FX Profits and/or Losses

The profit or loss from a Margin FX transaction is calculated by keeping the unit of one of the currencies constant (the 'base' currency) and determining the difference in the number of units of the other currency (the 'terms' currency). The profit or loss will be expressed in the units of the currency which is not kept constant.

9.7 Calculating CFD Profits and/or Losses

The profit or loss from a CFD transaction is calculated by

reference to the difference in the prices of the opening and closing Positions.

9.8 Realised and Unrealised Profits and Losses

Profits and./or losses are realised if both the buy and the sell side of the transaction are complete and have been matched against each other or closed out. Profits and/or losses are unrealised if only one side of the transaction has been completed.

In relation to Margin FX Contracts and CFDs , you may run opposing positions in the same currency pair and a Position in a market where you have an opposing Position already opened. Both long and short positions will appear in your trade account and they will be treated as two open positions. When you choose to keep two opposing open Positions they will be revalued and rolled as an individual open Position until you choose to offset or match the two positions.

In other words, unless you instruct the system to close-out a selected position when looking to trade then any new transaction remains open until matched by you or the positions are matched at settlement date.

Please contact our representatives to assist you in understanding the importance of and how to match and close-out trades.

9.9 Margins and margin calls

Margin FX Contracts and CFDs are subject to Margin obligations, which it is your responsibility to meet to maintain your Positions. You will be issued a Margin Call automatically via email as soon as a Margin call situation arises.

There are two components of the Margin which you may be required to pay in connection with Positions. These are the *initial Margin* and *variation Margin*.

9.10 Initial Margin

The initial Margin is an amount of money which we will call from you at the time the Position is entered into. The initial Margin is an amount we call to protect ourselves against possible market movements.

When you open a Position with us in Margin FX Contracts and CFDs you will need to have sufficient Total Equity in your Account to satisfy the Margin Requirement for that Position. Margin Percentages vary with each product and a list of them as at the date of this PDS are set out in the ECN Trade Product Schedule.

9.11 Examples of Margin Requirements

Examples of the calculation of the Margin Requirement for various types of CFDs follow. But you should refer to the ECN Trade Product Schedule for the current Margin Percentages for each instrument

Margin Requirements on Share and Index CFDs are **generally** between 1 and 50% of the notional value of your position.

Share CFDs Margin Requirements

For example, if you bought 10,000 Vodafone UK Share CFDs at a price of 120.88 p, the margin requirement would be calculated as follows:

(10,000 x 120.88 x 10% =GBP1,208.80)

Index CFDs Margin Requirements

Our margin percentage on Index CFDs is generally 1%. For example, a AUD 10,000 initial deposit allows you to deal in up to AUD 1,000,000 notional value on Index CFDs.

For example, if you bought 10 AUS200 Index Futures CFDs at a price of AUD 6,000, the Margin Requirement would be calculated as follows:

(10 x AUD 6,000) x1% = AUD 600

Bullion CFDs Margin Requirements

Our margin percentage on Bullion CFDs is generally 1%of the notional value of your position. Margin Requirements on Bullion CFDs are calculated as follows:

Margin Requirement = (Contract Quantity x Contract Price) x Margin Percentage

For example, to buy 100 ounces of XAUUSD Bullion CFDs at a price of USD750 the Margin Requirement would be calculated as follows:

(100 x 750) x 1% = USD 750

Commodity CFDs Margin Requirements

Our margin percentage on Commodity CFDs is generally 3%. Commodity CFDs have Minimum Point Increments (or "ticks") of between 0.01 and 1.0. As a result, your Margin Requirement can be calculated as follows:

Margin Requirement = (Margin Percentage x current Contract Price / Minimum Point Increment) x Contract Quantity

For example, to buy 10 USCRUDE CFDs at a price of USD70, the Margin Requirement would be calculated as follows:

(3% x 70/0.01) x 10 = USD2,100

Please refer to ECN Trade's Product Schedule for individual commodity tick values.

Index Future CFDs Margin Requirements

Our Margin Requirement for Index Future CFDs is generally 1% of the notional value of the position. Margin Requirements on Index Future CFDs can be calculated as follows:

Margin Requirement = Margin Percentage x Contract Price x Contract Quantity

For example, to buy 10 Index Future CFDs trading at a price of AUD6,000, the Margin Requirement calculation would be as follows:

1% x 6,000 x 10 = AUD600

9.12 Total Equity balances

The Total Equity of your Account will fluctuate according to the money you have deposited in your Account, the dealings conducted on your Account and the positions you hold.

During the trading day, your Account is constantly calculated in line with movements in our prices using our Mid Price. The Account balance is also calculated at the end of the day using our Mid Price closing rates (or our last dealing price).

Your Total Equity balance is used to assess your available Margin against current positions, and any potential new positions you may wish to take. The Total Equity balance is used to establish if there is a requirement for additional Margin to be paid in respect of your Account.

Once a position is opened, the Total Margin Requirement must always be maintained for the open position(s). It is your responsibility to ensure that your Account is sufficiently funded at all times, especially during volatile trading periods.

To assist you to monitor your equity balances in your Account, we summarise your Total Equity and Free Equity together with your Total Margin Requirement at the end of the day in your daily statement, and we provide you with your open position and Total Equity report online.

You will only be allowed to withdraw from the Free Equity in your Account, with is the Total Equity in your Account less your Total Margin Requirement. Additionally, you will only be allowed to deal and maintain open positions on the basis of Cleared Funds in your Account, not on promised funds or funds in transit.

9.13 Profits and losses

Profits made from your dealing activities increase the Total Equity in your Account. Losses made as a result of your dealing activities decrease the Total Equity balance on your Account, and therefore the Total Equity available for dealing in Margin Contracts and CFDs or holding positions.

9.14 Variation Margin

The *variation Margin* is an amount which we may call from you when a Position moves against you. Again, this amount is determined by us in our discretion and is intended to protect us against unrealized losses which you may have suffered. In some situations, we may refund variation Margin to you when a position moves in your favour.

The variation Margin liability is incurred at the time of the occurrence of any movement in the market that results in an unrealised loss, regardless as to when the call to pay is made by us on you.

9.15 Change to Margin Percentage

We may under the Client Agreement exercise our right to alter the Margin Percentage of any Margin Contract at any time at our discretion

Furthermore, if we determine that a Force Majeure Event (defined in clause 23 of the Client Agreement) exists then we may, without prejudice to any other rights under the Client Agreement and at our sole discretion, take any one or more of the steps outlined in clause 23.2 of the Client Agreement.

One of the steps that we may take is to increase the Margin Percentage from that specified up to 100%, accordingly, in extreme cases, you should be prepared at any time to have funds equal to the notional value of your Margin Contract or CFD available to meet any increase in the Margin Percentage by us.

9.16 Monitoring positions on mark to market basis

Positions will be monitored by us on a mark to market basis to account for any market movements. If the value of the position moves against you, then you will be required to 'top up' the initial Margin (variation Margin) and, if so, you will be subject to a Margin call; i.e. to pay additional margin or, alternatively, to close the Position in order to reduce your initial Margin to a level acceptable to us. In other words, you must maintain sufficient Free Equity in your Account in Cleared Funds to cover any increases in your Total Margin Requirement. If your Total Margin Requirement exceeds your Total Equity, your Account will be placed on Margin Call. If your Account reaches the Liquidation Level some or all of your Positions may be liquidated.

9.17 Notification of Margin call

Margin Calls will be shown on the Trading Platform, and you are required to log-in to the system on a daily basis when you have open Positions to ensure you receive notification of any such Margin Calls. You will also issued a Margin Call automatically via email as soon as a Margin call situation arises. Please note that if you do not check the

Trading Platform or your email for Margin Call notifications, and hence do not meet them in a timely manner, positions may be closed out by us, without further reference to you, as provided in our Client Agreement.

Derivatives can be highly volatile and consequently Margin Calls can be made by us at any time. It is your responsibility to monitor and manage your open positions and exposures and ensure Margin calls are met as required. You should ensure that you are always contactable by us. If you are unable to be contacted for the purpose of us making a Margin call, we may close-out your open positions without actually speaking to you.

9.18 Margin Calls where several positions are open

Margin calls will be made on a net account basis, i.e. should you have several open positions, then Margin calls are netted across the group of open transactions. In other words, the unrealised profits of one transaction can be used or applied as initial or variation margins or to offset the unrealised losses of another transaction.

9.19 Payment of Margin calls

As pointed out above, if your open Margin Contract or CFD positions move against you and your Total Equity balance falls below your Total Margin Requirement, your Account will be placed on Margin Call.

Restoring your Total Equity balance and satisfying your Margin Call obligations will require:

- o closing or reducing one or more of your open position(s) in order to reduce your Total Margin Requirement; and/or
- o depositing additional funds into your Account in order to satisfy the Total Margin Requirement.
- o If you choose to deposit additional funds into your Account, these additional funds must be Cleared Funds before they will be treated as having satisfied your Margin Call obligations.
- o These steps may not be necessary if there is an increase in the value of your held positions due to a further market fluctuation.
- o Once your Total Equity balance falls below your Total Margin Requirement, you may wish to consider whether to place a Stop-Loss order with us to try to avoid a deficit balance on your Account. Section 12 outlines the orders that you may place (including Stop-loss orders) that, if used appropriately, can assist you in avoiding a deficit balance on your Account. Our policy is not to provide credit facilities on any accounts.
- o In some instances, the placing of Stop-loss Orders may not always limit your losses to the amounts that you may want. Refer to section 12.1.
- o Once your Total Equity balance falls below your Total Margin Requirement, you may be restricted from dealing on your Account until your Total Equity balance meets or exceeds your Total Margin Requirement.

9.20 Failure to meet Margin calls

If you fail to meet any Margin Call, or in the rare circumstances where we do not have time to make a Margin Call due to exceptional market movements, then we may in our absolute discretion and without creating an obligation to do so, close-out, without notice, all or some of your open positions (or transactions) and deduct the resulting realised loss from your account.

9.21 Revaluation of Positions

Under the terms of the Client Agreement, we may in our discretion revalue open Positions to market to bring forward the payment of unrealised profits and losses on those positions. We have the right to limit the size of your open positions, whether on a net or gross basis under any appropriate circumstances as determined by us.

9.22 Liquidation Level

We may place a liquidation order for your open Position(s) when you Total Equity balance falls below 10% of your Total Margin Requirement (the Liquidation Level). At or below this Liquidation Level, we may liquidate some or all of your open Positions.

However, we do not represent or warrant that we will place such liquidation orders, that they will be executed, or that your open Positions will be closed out at any particular level. You are responsible for losses that you may incur, despite us having the right to close-out your Position before the losses were incurred.

10. FEES AND CHARGES WHEN DEALING IN MARGIN CONTRACTS

The fees and charges when dealing in Margin Contracts and CFDs may incorporate any or all of the following: -

- Margin adjustments and Financing Charges;
- Rollover Charges at the ECN Trade Rollover Rates;
- Interest charges applied to debit balances in your Account;

- Stock borrowing costs;
- Exchange fees;
- Administration charges.

The fees and charges may change from time to time and may differ according to whether you are an Australian Client or a Foreign Client but will be notified to you.

10.1 No commissions

There will be no commissions payable on trades executed in our FX Margin Contracts or CFDs, other than Share CFD's. Our fees for the products we offer are built into the price of the contract (ECN Trade Spread) when you seek to transact with us. Because we deal as principal, the prices we offer you may not be the same as the market prices.

The price offered to you may depend upon a number of factors including transaction size, term of the product, our business relationship with you, the prevailing market rates and the differing interest rates applicable to the currency pair involved in a forward foreign exchange transaction.

10.2 Rollovers

When you hold a Position or Positions overnight, in a Margin FX Contract , a Bullion CFD, a Commodity CFD, or an Index Future CFD, they will be rolled to the next day which may result in you paying interest (Rollover Charge) or receiving interest (Rollover Benefit) at the ECN Trade Rollover Rate.

Margin FX Contracts

Our Rollover Rate for Margin FX Contracts is a varying rate that is dependent on the currency pair, the applicable rate in the interbank markets according to the duration of the rollover period, the size of the position and the ECN Trade Spread that is applied at our discretion.

The Interbank Rate that is applied is the interest rate differential between the two applicable currencies (Interbank Rate). For example, if you have a long Australian dollar / US Dollar (AUD/USD) position and interest rates are higher in AUD than in USD, then you may receive a Rollover Benefit of interest at the ECN Trade Rollover Rate if you hold a position overnight and do not close it before the New York close of the markets on that day. This is because you are holding a high yielding currency. However, if the USD interest rate is higher than AUD then the interest rate differential may cause you to pay a Rollover Charge (being interest at the ECN Trade Rollover Rate) if you hold the position overnight and do not close it before the New York close of the markets on that day.

Any interest that you pay or received is reflected in the price at which the open position is rolled forward.

Bullion CFDs

In the case of Bullion CFDs, the Rollover Charge or Rollover Benefit is calculated by multiplying the total notional value of the position by the Rollover Rate. The ECN Trade Rate for Bullion CFDs is a varying rate dependent on the applicable rate in the interbank markets according to the duration of the rollover period, the size of the position and the ECN Trade Spread that is applied at our discretion.

If you are long on a Bullion CFD, you may have to pay us a Rollover Charge, whilst if you are short you may receive a Rollover Benefit from us. In some circumstances, however, the opposite may apply. For example, if you have a long Australian dollar/ short Bullion Position and interest rates in Australia are higher than the Rollover Rate applied by us then you will receive a Rollover Benefit of interest at our Rollover Rate if you hold the position overnight. This is because you are holding the higher yielding asset. However, if the Rollover Rate applied by us is higher than the Australian interest rate you may have to pay a Rollover Charge (charged at our Bullion Rollover Rate) if you hold the position overnight.

Commodity CFDs

If held until our Expiry Day your Commodity CFD position will be automatically closed out by us at our "Commodity Rollover Price" (see the next paragraph) on our Expiry Day of the CFD. The CFD position will then be "rolled over" and re-opened by us in the Next Serial CFD Contract.

We determine the commodity rollover price by obtaining on the expiry date, the average difference between the trading price during that day of the Underlying Instrument and the next serial Underlying Instrument. We then subtract that difference from the settlement price of the next serial Underlying Instrument to formulate the price at which you are closed out of the expiring Commodity CFD. The application of this difference has the effect of smoothing the increased price volatility due to decreased liquidity on the days close to the expiry date of the Underlying Instrument.

The position in the Next Serial CFD contract is opened at the official settlement price of the Underlying Instrument on the expiry date of relevant Commodity CFD.

No charges are incurred when positions are rolled over as the closing and opening prices relate directly to where the relevant instruments have been trading.

Please note that the expiry dates for our Commodity CFDs may differ to that of the underlying commodity futures contract. The expiry dates for our Commodity CFDs can be obtained from our Trading Platform.

Index Future CFDs

An Index Future CFD will expire on the last business day preceding the day of expiry of the relevant Underlying Instrument, which is an Equity Index Futures Contract that expires on a monthly or quarterly basis.

The Next Serial CFD Contract will become available 2 business days prior to the expiry of the current Index Future CFD. This is dependent upon liquidity and may be subject to change at our absolute discretion.

Pending orders on Index Future CFDs will be cancelled upon the expiry of the Index Future CFD upon which the pending order is placed.

Should an open position in relation to an Index Future CFD be held until expiry, then that position will be automatically closed at the official closing price of the relevant Underlying Instrument and re-opened at the official closing price of, and on the same day as, the next expiry of the relevant Underlying Instrument.

No charges are incurred when positions are rolled as the closing and opening prices relate directly to where the relevant instruments have been trading and there will be a cash adjustment made to your account to reflect the differences in the official closing and opening prices.

10.3 Settlement of Rollover Charges and Rollover Benefits

Rollover Charges and Rollover Benefits will be settled by us on each day by debiting or crediting your Account with the daily interest rate differential between the amount of interest payable by you under the open Position and the amount of interest payable by us to you under the open Position. In the event that there are insufficient funds in your Account, any amount due us because of the Rollover Charges becomes a debt due and owing by you to us.

10.4 Overnight Financing for Share and Index CFDs

Share and Index CFD positions held overnight will have a Financing Charge or Financing Benefit applied according to the total notional value of the position at the relevant Financing Rate. If you are long on a Share or Index CFD you may pay a Financing Charge to us, whilst if you are short on a Share or Index CFD you may receive a Financing Benefit from us at the relevant Financing Rate. The method used by us to calculate the Financing Rates is set out in section clause 13.5 of the Client Agreement.

If a Share or Index CFD position is not held overnight you will pay no Financing Charge nor receive a Financing Benefit. To see how financing charges may affect your Account, please see the trading examples in section 13 of this PDS.

10.5 Conversion Fees

Profits or losses accumulated in your Account in currencies other than the base currency nominated by you will be converted to the nominated base currency, but at spreads that may be wider than those shown on the Trading Platform.

10.6 Interest charges applied to balances

There is no interest payments on your account on positive or negative balances

10.7 Stock Borrowing Costs

If we choose to go short in the Underlying Market to hedge any of your CFD positions, we reserve the right to pass on any stock borrowing costs incurred by us in Exceptional Market Conditions as reasonably determined by us. You will be notified as to the nature and amount of stock borrowing costs before they are applied to your account.

As this cost only relates to Exceptional Market Conditions, it will be extremely unlikely that these costs would be passed on to you in the course of regular trading.

10.8 Administration charges

We reserve the right to charge the following additional fees in certain circumstances:

- cheque dishonour fee of up to AUD$25
- telegraphic transfer fee of up to AUD$25
- an express delivery fee of up to AUD$25

All charges are inclusive of GST (where applicable).

Administration service	**Fee**	
	Australian Clients	**Foreign Clients**
	Receipts	
Electronic Funds Transfer (AUD)	AUD1.50	n/a
B-Pay® (AUD) AUD1.50 n/a Cash & cheque deposits (AUD)	AUD3.00	n/a
Telegraphic transfer	Upon Application	n/a
Credit card (Visa/MasterCard excluding corporate/commercial/platinum) (AUD)	1.80%	1.80%
Credit card (corporate/commercial/platinum Visa/MasterCard) and (non AUD)	3.00%	3.00%
Credit card (non Visa/MasterCard) (AUD, NZD, USD)	3.00%	3.00%
	Withdrawals	
Electronic Funds Transfer (AUD)	AUD1.50	n/a
Cheque withdrawals (AUD)	AUD5.00	n/a
Telegraphic transfers (beneficiary outside Australia)	AUD30.00	AUD30.00
	Other	
Duplicated statements by post	AUD4.00 per statement	AUD4.00 per statement

Returned cheque fee	Upon application	Upon application
Transcripts of telephone conversations	Upon application	Upon application
Audit certificates	Upon application	Upon application
Debt collection	First call AUD25.00	First call AUD25.00
	Second call AUD50.00	Second call AUD50.00
	Referral to agency AUD150.00	Referral to agency AUD150.00

10.9 Interest

We are also entitled to retain any interest earned on client money held in the segregated accounts we must maintain under the Corporations Act. The rate of interest is determined by the provider of each segregated account.

If you fail to make any payment required under the Client Agreement when it falls due, interest will be charged on the outstanding sum at a rate of 5% per annum over the cash rate determined by the Reserve Bank of Australia (or of such monetary authority as may replace it) for interbank loans. Interest accrues and is calculated daily from the date payment was due until the date the client pays in full and is compounded monthly.

11. HOW ARE OUR MARGIN CONTRACTS AND CFDs TRADED?

We provide an online Trading Platform which enables clients to trade in our Margin Contracts and CFDs. .

As stated in section 14 of this PDS, the Margin Contracts and CFDs offered by us may only be closed-out by entering into an equal and opposite position.

When you trade Margin FX and CFDs, other than Index Futures CFDs and Commodity CFDs you are normally quoted a spot price. This means that if you take no further steps, your trade will be automatically rolled after one business day unless you initiate an equal and opposite transaction to close the position.

12. WORKING ORDERS

We offer clients a way of managing the volatility of dealing in our Margin Contracts and CFDs by offering a range of working orders. Certain Positions can be traded in conjunction with our limit and stop loss orders which are designed to either optimise your exposure to the market or limit your loss by instructing that trades be executed at pre-determined price levels.

Important notice about this section

If you request placement of one of the types of orders described in this section, we have an absolute discretion whether or not to accept and execute any such request. Please refer to sections 20 and 21 for details of our right to refuse orders and the associated risks.

Our right to refuse your request to place an order to establish a new Position is set out in full in clauses 4.9, 4.10, 5.4 and 5.6 of the Client Agreement. You should refer to these clauses in which we may exercise our discretion to accept your order.

The price at which we accept an order to deal will generally be on the basis of filling the full volume of the order in one transaction.

12.1 Stop-loss Orders

A stop-loss order is an order placed with the aim of limiting the potential loss on an open position. A stop-loss order allows you to specify a price at which you wish to close-out a Position or open a Position.

Stop-loss orders must be placed at a minimum distance from our current bid and offer prices. The minimum distance away from a stop-loss order placement is specified on our website and will be advised to you upon request.

We will execute a stop-loss order once the offer price reaches the order price in the case of a buy-order, or our bid price has reached the order price in the case of a sell-order.

We note that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity. A stop-loss order is triggered automatically when the stop-loss price is reached. Once the stop-loss price is reached, the stop-loss order becomes a market order to buy or sell (depending on your instructions). The stop-loss order could be activated by a short-term fluctuation in the markets, or in a fast moving market, the price at which the trade is executed could be much different from the stop-order price. This is known as “gapping” and is due to market movements during the time it takes to open or close Positions.

The operation of these order types should be discussed with one of our representatives. You should also refer to our Client Agreement with respect to the operation of these order types.

12.2 Stop-entry Orders

A stop-entry order is an order placed to open a new Position or increase an existing Position at a price which is inferior to the current market price. You may use this type of order when you expect that the price will move significantly in the future from its existing trading range.

Stop-entry orders can be placed to open new Positions in all of our products

You should also note that stop-entry orders must be placed at a minimum distance from a current bid and offer prices, which distance is determined at our discretion. You should refer to our website or contact us for information about the levels at which you may place stop-entry orders.

12.3 Limit Orders

A Limit Order may be used by you to either open a closed position at a predetermined price that is more favourable to you than the current market price.

We will execute your Limit Order when our offer price has reached the price of your buy-limit order or our bid price has reached the price of your sell-limit order.

12.4 How to place market orders with us

Market orders may be placed online via our Trading Platform. If you require assistance you should contact one of our representatives.

12.5 Fees for placing market orders

There are no fees associated with using working orders via our online Trading Platform.

12.6 Our right to impose orders

You acknowledge that under the Client Agreement we may impose a Stop-loss order on one or more of your Positions.

13. TRADING EXAMPLES

This section provides you with some trading examples of Margin FX Contracts and the CFDs that we are offering under this PDS. In relation to the execution of those trades for Australian Clients only, based on the charges set out in section 10 of this PDS and the Margin Requirements. Charges for Foreign Clients may be different from those applying to Australian Clients. Margin Percentages may be changed without those examples being updated and all other amounts are approximation for illustration purposes only. To ascertain the currently applicable Rollover Charges and Benefits you should refer to our website or call our Client Services Department. Other charges as described in section 10.8 of this PDS may also apply.

13.1 Examples of Going Long in Margin FX

Example of Going Long and making a profit on Margin FX Contracts			
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of the Australian Dollar (AUD) is going to appreciate against the US Dollar (USD) which is currently at 0.9280. You decide to buy AUD 100,000 against USD at the current price.			
Day 1			
Opening a Position	Calculation	Account Display	
The price of AUDUSD spot is 0.9278 (bid price)/0.9280 (offer price)			
You buy AUD100,000 at the			

exchange rate of 0.9280	N/A	Opening balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded Therefore, your Margin Requirement to open this position is A$1,000	A$100,000 x 1% = A$1,000	Initial Margin Requirement	A$1,000
Your Free Equity is Total Equity less your Margin Requirement	20,000 – 1,000 = 19,000	Free Equity	$19,000
You decide to hold the Position overnight. The closing price of AUDUSD for the day was 0.9280, the same as your purchase price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
A sell trade at 0.9280 and simultaneously a buy trade at 0.927905 will be generated to reflect the Rollover Charge. As the AUD is the higher yielding currency and you are long AUD, so your account is credited with US$9.50 Your open Position will remain at the historical purchase price of 0.9280 This way you can keep track of your original purchase price at all times	Daily Rollover Charge (0.9280 – 0.927905) x 100000 =US$9.50 This amount will be booked in your base currency, which is AUD at 0.9280 = A$10.24 Total Equity will be 20,000 + 10.24 = 20,010.24	Total Equity	$20,010.24
Let say, at 11:30 a.m., the AUD has moved up to 0.9330 after the RBA has indicated that further interest rate hike is necessary to curb inflation. Your Position is marked to market which will change your account balance.	Unrealised Profit (0.9330 – 0.9280) x 100000 = US$500 This amount will be booked in your AUD base currency at the rate of 0.9330 =A$535.91	Total Equity	A$20,546.15

	New Equity Balance 20,010.24 + 535.91 =20,546.15		
Your Margin Requirement remains at A$1,000	A$100,000 x 1% = A$1,000	Margin Requirement	A$1,000
Your Free Equity is Total Equity less your Margin Requirement.	A$20,546.15 – 1,000 = 19,546.15	Free Equity	A$19,546.15

At 4 p.m. you decided to close your position as AUD has appreciated to 0.9350			
Closing the Position	Calculation	Account Display	
You sell AUDUSD100,000 at bid price of 0.9350 to close your Position	N/A		
Realised Profit	(0.9350 – 0.9280) x 100000 = US$700.00 =A$748.66 New Balance 20,010.24 + 748.66 = 20,758.90	Total Equity	A$20,758.90
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	A$20,758.90 – 0.0 = A$20,758.90	Free Equity	A$20,758.90

In this example you were correct in predicting the AUD will appreciate against the USD. After daily rollover charge for one day you would have made A$758.90 profit. However, if your prediction was wrong and the price had moved in the opposite direction by an equal amount, your loss would have been A$749.80. Please see the example below for how this loss is calculated.

Example of Going Long and making a loss on Margin FX Contracts			
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of the Australian Dollar (AUD) is going to appreciate against the US Dollar (USD) which is currently at 0.9280. You decide to buy AUD 100,000 against USD at the current price.			
Day 1			
Opening a Position	Calculation	Account Display	
The price of AUDUSD spot is			

0.9278 (bid price)/0.9280 (offer price) You buy AUD100,000 at the exchange rate of 0.9280	N/A	Opening Balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded Therefore, your Margin Requirement to open this position is A$1,000	A$100,000 x 1% = A$1,000	Initial Margin Requirement	A$1,000
Your Free Equity is Total Equity less your Margin Requirement	20,000 – 1,000 = 19,000	Free Equity	$19,000
You decide to hold the Position overnight. The closing price of AUDUSD for the day was 0.9280, the same as your sell price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
A sell trade at 0.9280 and simultaneously a buy trade at 0.927905 will be generated to reflect the Rollover Charge. As the AUD is the higher yielding currency and you are Long AUD, so your account is credited with US$9.50 Your open Position will remain at the historical purchase price of 0.9278 This way you can always keep track of your original sell price	Daily Rollover Charge (0.9280 – 0.927905) x 100000 =US$9.50 This amount will be booked in your base currency, which is AUD at 0.9280 = A$10.24 Total Equity will be 20,000 – 10.247 = 20,010.24	Total Equity	$20,010.24
Let say, at 11:30 a.m., the AUD has dropped to 0.9230 after the RBA has indicated that further interest rate hike is not necessary as inflation was under control. Your Position is marked to market	Unrealised loss (0.9230 – 0.9280) x 100000 = -US$500 This amount will be booked in your AUD base currency at the rate of		

which will change your account balance	0.9230 = - A$541.71 New Equity Balance 20,010.24 – 541.71 =19,468.53	Total Equity	A$19,468.53
Your initial Margin Requirement remains at A$1,000	$100,000 x 1% = A$1,000	Margin Requirement	A$1,000
Your Free Equity is Total Equity less your initial Margin Requirement	$19,468.53 – 1,000 = 18,468.53	Free Equity	A$18,468.53

At 4 p.m. you decided to close your Position as your prediction was wrong AUD has depreciated against the USD to 0.9210/12			
Closing the Position	Calculation	Account Display	
You sell AUDUSD100,000 at bid price of 0.9210 to close your Position	N/A		
Realised Loss	(0.9210 – 0.9280) x 100000 = - US$700.00 =-A$760.04 New Balance A$20,010.24 – $760.04 = A$19,250.20	Total Equity	A$19,250.20
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	$19,250.20 – 0.0 = $19,250.20	Free Equity	A$19,250.50

In this example, you were wrong in predicting the AUD will appreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$749.80 (-A$760.04 + 10.24) loss.

11.2 Examples of Going Short in Margin FX

Example of Going Short and making a profit on Margin FX Contracts
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of the Australian Dollar (AUD) is going to depreciate against the US Dollar (USD) which is currently at 0.9278. You decide to sell AUD 100,000 against USD at the current price.
Day 1

Opening a Position	Calculation	Account Display	
The price of AUDUSD spot is 0.9278 (bid price)/0.9280 (offer price) You sell AUD100,000 at the exchange rate of 0.9278	N/A	Opening balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded Therefore, your Margin Requirement to open this position is A$1,000	A$100,000 x 1% = A$1,000	Initial Margin Requirement	A$1,000
Your Free Equity is Total Equity less your Margin Requirement	A$20,000 – $1,000 =A$ 19,000	Free Equity	A$19,000
You decide to hold the Position overnight. The closing price of AUDUSD for the day was 0.9278, the same as your sell price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
A buy trade at 0.9278 and simultaneously a sell trade at 0.92765 will be generated to reflect the Rollover Charge. As the AUD is the higher yielding currency and you are short AUD, so your account is debited with US$15.00 Your open Position will remain at the historical purchase price of 0.9278 This way you can keep track of your original purchase price at all times	Daily Rollover Charge (0.9278 – 0.92765) x 100000 =US$15.00 This amount will be booked in your base currency, which is AUD at 0.9278 = A$16.17 Total Equity will be $20,000 – 16.17 = $19,983.83	Total Equity	A$19,983.83
Let say, at 11:30 a.m., the AUD has depreciated to 0.9230 after the	Unrealised Profit		

RBA has indicated that further interest rate hike is not necessary as inflation was under control. Your Position is marked to market which will change your account balance	(0.9230 – 0.9278) x 100000 = US$480 This amount will be booked in your AUD base currency at the rate of 0.9230 =A$520.04 New Equity Balance $19,983.83 + 520.04 = 20,503.87	Total Equity	A$20,503.87
Your Margin Requirement remains at A$1,000	A$100,000 x 1% = A$1,000	Initial Margin Requirement	A$1,000
Your Free Equity is Total Equity less your Margin Requirement	A$20,503.87 – 1,000 = 19,503.87	Free Equity	A$19,503.87

At 4 p.m. you decided to close your Position as AUD has depreciated further to 0.9210/12			
Closing the Position	Calculation	Account Display	
You buy AUDUSD100,000 at offer price of 0.9212 to close your position	N/A		
Realised Profit	(0.9278 – 0.9212) x 100000 = US$660.00 =A$716.46 New Balance $19,983.83 + 716.46 = $20,700.29	Total Equity	A$20,700.29
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	$20,700.29 – 0.0 = $$20,700.29	Free Equity	A$20,700.29

In this example you were correct in predicting the AUD will depreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$700.29 profit. However, if your prediction was wrong and the price had moved in the opposite direction by an equal amount, your loss would have been A$770.05. Please see the example below for how this loss is calculated.

Example of Going Short and making a loss on Margin FX Contracts

<table>
<tr><td colspan="4">You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of the Australian Dollar (AUD) is going to depreciate against the US Dollar (USD) which is currently at 0.9278. You decide to sell AUD 100,000 against USD at the current price.</td></tr>
<tr><td>Day 1</td><td></td><td colspan="2"></td></tr>
<tr><td>Opening a Position</td><td>Calculation</td><td colspan="2">Account Display</td></tr>
<tr><td>The price of AUDUSD spot is 0.9278 (bid price)/0.9280 (offer price)</td><td rowspan="3">N/A</td><td rowspan="3">Opening balance</td><td rowspan="3">A$20,000</td></tr>
<tr><td>You sell AUD100,000 at the exchange rate of 0.9278</td></tr>
<tr><td>You pay no commission for this trade. ECN Trade charges no commission for trading Margin FX Contracts.</td></tr>
<tr><td>Your Margin Requirement for this trade is 1% of the amount traded

Therefore, your Margin Requirement to open this position is A$1,000</td><td>A$100,000 x 1% = A$1,000</td><td>Margin Requirement</td><td>A$1,000</td></tr>
<tr><td>Your Free Equity is Total Equity less your Margin Requirement</td><td>A$20,000 – $1,000 = A$19,000</td><td>Free Equity</td><td>A$19,000</td></tr>
<tr><td colspan="4">You decide to hold the Position overnight. The closing price of AUDUSD for the day was 0.9278, the same as your sell price.</td></tr>
</table>

<table>
<tr><td colspan="4">Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.</td></tr>
<tr><td>Day 2</td><td></td><td colspan="2"></td></tr>
<tr><td>The Next Day</td><td>Calculation</td><td colspan="2">Account Display</td></tr>
<tr><td>A buy trade at 0.9280 and a sell trade at 0.927905 will be generated simultaneously to reflect the Rollover Charge.

As the AUD is the higher yielding currency and you are Long AUD, so your account is debited with US$15.00</td><td rowspan="2">(0.9278 – 0.92765) x 100000
=US$15.00

This amount will be booked in your base currency, which is AUD at 0.9278 = A$16.17

Total Equity will be

$20,000 – 16.17 = $19,983.83</td><td rowspan="2">Total Equity</td><td rowspan="2">A$19,983.83</td></tr>
<tr><td>Your open Position will remain at the historical purchase price of 0.9278</td></tr>
</table>

This way you can always keep track of your original sell price			
Let say, at 11:30 a.m., the AUD has appreciated to 0.9330 after the RBA has indicated that further interest rate hike is necessary to control inflation. Your Position is marked to market which will change your account balance	Unrealised loss (0.9330 – 0.9278) x 100000 = US$520 This amount will be booked in your AUD base currency at the rate of 0.9330 =A$557.34 New Equity Balance $19,983.83– 557.34 =19,426.49	Total Equity	A$19,426.49
Your initial Margin Requirement remains at A$1,000	$100,000 x 1% = A$1,000	Initial Margin Requirement	A$1,000
Your Free Equity is Total Equity less your initial Margin Requirement	$19,426.49 – 1,000 = 18,426.49	Free Equity	A$18,426.49

At 4 p.m. you decided to close your Position as your prediction was wrong AUD has appreciated against the USD to 0.9350/52			
Closing the Position	Calculation	Account Display	
You buy AUDUSD100,000 at offer price of 0.9352 to close your Position	N/A		
Realised Loss	(0.9350 – 0.9278) x 100000 = US$720.00 =A$770.05 New Balance 19,983.83 – 770.05 = 19,213.78	Total Equity	A$19,213.78
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	$19,213.780 – 0.0 = $19,213.78	Free Equity	A$19,213.78

In this example, you were wrong in predicting the AUD will appreciate against the USD. After commission and daily rollover charge for one day you would have made a A$770.05 loss.

13.3 Example of going long and going into margin call on Margin Foreign Exchange

Example of Going Long and going into margin call on Margin Foreign Exchange			
You maintain an account with ECN Trade and your account has a an Opening balance of A$5,000 and you believe that the price of the Australian Dollar (AUD) is going to appreciate against the US Dollar (USD) which is currently at 0.9280. You decide to buy AUD 300,000 against USD at the current price.			
Day 1			
Opening a position	Calculation	Account Display	
The price of AUDUSD spot is 0.9278 (bid price)/0.9280 (offer price) You buy AUD300,000 at the exchange rate of 0.9280	Contract Amount A$300,000 x 0.9280 = US$278,400	Opening Balance	A$5,000
Your margin requirement for this trade is 1% of the amount traded Therefore, your margin requirement to open this position is A$3,000	A$300,000 x 1% = A$3,000	Initial Margin Requirement	A$3,000
Your free equity is total equity less your margin requirement	5,000 – 3,000 = 2,000	Free Equity	$2,000
You decide to hold the position overnight. However, in the US market, the AUDUSD had fallen to close at 0.9210 due to a better than expected US employment figure.			

Because you have decided to hold your position overnight you will incur a Daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out at section 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
A sell trade at 0.9210 and a buy trade at 0.920905 will be generated simultaneously to reflect the Rollover Financing Charge. As the AUD is the higher yielding currency and you are long AUD, so	Daily rollover charge (0.9210 – 0.920905) x 300000 =US$9.50 This amount will be booked in your		

your account is credited with US$9.50	base currency, which is AUD at 0.9210 = A$10.30 Total Equity will be 5,000 + 10.30 = 5,010.30	Balance	$5,010.30
Your open position will remain at the historical purchase price of 0.9280 This way you can keep track of your original purchase price at all times			
Your account is marked to market at the closing price which will change your account balance	Unrealised Loss: (0.9280 – 0.9210) x 300,000 = US$2,100 This amount will be booked in your AUD base currency at the rate of 0.9210 = A$2,280.13 New Equity: $5,010.30 - $2,280.13 = $2,730.17	Total Equity	A$2,730.17
Your Margin Requirement remains at A$3,000	A$300,000 x 1% = A$3,000	Margin Requirement	A$3,000
Your Free Equity is Total Equity less your Margin Requirement	A$2,730.17 – $3,000 = -$269.83	Free Equity	-A$269.83
As your Free Equity has fallen into a debit balance, you would now be on a Margin call		Margin call	A$269.83

In this example, the AUDUSD had moved against you and your Total Equity balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your Position in order to reduce your Margin Requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin call.

When you are in Margin call you are not allowed to open any new Positions. Further Margin calls will be made if the AUDUSD keeps falling during the day. Please refer to the following example.

Example of Gong Long and going into further Margin Call on Margin Foreign Exchange			
At 10 a.m. AUDUSD falls to 0.9180/82			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Unrealised Loss: (0.9280 – 0.9180) x 300,000 = US$3,000 This amount will be booked in your		

	AUD base currency at the rate of 0.9180 = A$3,267.97 New Equity: $5,010.30 - $3,267.97 = $1,742.33	Total Equity	A$1,742.33
Your Margin Requirement remains at A$3,000	A$300,000 x 1% = A$3,000	Margin Requirement	A$3,000
Free Equity is your Total Equity less Margin Requirement	A$1,742.33 – $3,000.00 = -A$1,257.67	Free Equity	-A$1,257.67
As your Free Equity has fallen further, you would now be on a second Margin Call		Second Margin call	A$1,257.67

As you have not responded to the first Margin call and your account debit has fallen further you will be sent a second Margin call. You need to do one of the following:

- either depositing additional funds in to your account; or
- close or reduce one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Funds before they will be treated as having satisfying your Margin call requirements.

Alternatively, you may wish to consider whether to place a Stop Loss order to try to avoid a deficit balance on your account.

13.4 Example of going short and going into Margin Call on Margin Foreign Exchange

Example of Going Short and going into margin call on Margin Foreign Exchange			
You maintain an account with ECN Trade and your account has an Opening balance of A$5,000 and you believe that the price of the Australian Dollar (AUD) is going to depreciate against the US Dollar (USD) which is currently at 0.9278/80. You decide to sell AUD 300,000 against USD at the current price.			
Day 1			
Opening a Position	Calculation	Account Display	
The price of AUDUSD spot is 0.9278 (bid price)/0.9280 (offer price) You sell AUD300,000 at the exchange rate of 0.9278	Contract Amount A$300,000 x 0.9278 = US$278,340	Opening Balance	A$5,000
Your Margin Requirement for this trade is 1% of the amount traded Therefore, your Margin Requirement to open this Position	A$300,000 x 1% = A$3,000	Initial Margin Requirement	A$3,000

is A$3,000			
Your Free Equity is Total Equity less your Margin Requirement	5,000 – 3,000 = 2,000	Free Equity	$2,000
You decide to hold the Position overnight. However, in the US market, the AUDUSD had risen to close at 0.9350 due to a worse than expected US employment figure.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the Interbank Market, which fluctuates daily and represents the difference between the interest differential of the two currency pairs involved. The Rollover Rate is variable according to currency pairs and calculated as set out at section 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
A buy trade at 0.9350 and a sell trade at 0.93485 will be generated simultaneously to reflect the Rollover Charge. As the AUD is the higher yielding currency and you are short AUD, so your account is debited with US$10.50 Your open Position will remain at the historical purchase price of 0.9280 This way you can keep track of your original purchase price at all times	Daily Rollover Charge (0.9350 – 0.93485) x 300000 =US$10.50 This amount will be booked in your base currency, which is AUD at 0.9350 = A$11.23 Total Equity will be 5,000 – 11.23 = $4,988.77	Total Equity	$4,988.77
Your account is marked to market at the closing price which will change your account balance	Unrealised Loss: (0.9278 – 0.9350) x 300,000 = US$2,160 This amount will be booked in your AUD base currency at the rate of 0.9350 = A$2,310.16 New Equity: $4,988.77 - $2,310.16 = $2,678.61	Total Equity	A$2,678.61
Your Margin Requirement remains at A$3,000	A$300,000 x 1% = A$3,000	Margin Requirement	A$3,000
Your Free Equity is Total Equity less your Margin Requirement	A$2,678.61 – $3,000 = -$321.39	Free Equity	-A$321.39

As your Free Equity has fallen into a debit balance, you would now be on a Margin call		Margin call	A$321.39

In this example, the AUDUSD had moved against you and your Total Equity balance fell below your Margin Requirement, your account will be placed on Margin call. When your account moves into deficit you have two options. You can either reduce your Position in order to reduce your Margin Requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin call.

When you are in Margin call you are not allowed to open any new Positions. Further Margin calls will be made if the AUDUSD keeps going up during the day. Please see the following example.

Example of Gong Short and going into further Margin call on Margin Foreign Exchange			
At 10 a.m. AUDUSD rallies to 0.9380/82			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Unrealised Loss: (0.9278 – 0.9380) x 300,000 = US$3,060 This amount will be booked in your AUD base currency at the rate of 0.9380 = A$3,262.26 New Equity: $4,988.77 - $3,262.26 = $1,726.51	Total Equity	A$1,726.51
Your Margin Requirement remains at A$3,000	A$300,000 x 1% = A$3,000	Margin Requirement	A$3,000
Free Equity is your Total Equity less Margin Requirement	A$1,726.51 – $3,000.00 = -A$1,273.49	Free Equity	-A$1,273.49
As your Free Equity has fallen further, you would now be on a second Margin call		Second Margin call	A$1,273.49

As you have not responded to the first Margin call and your account debit has fallen further you will be sent a Second Margin call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your Margin call requirements.

Alternatively, you may wish to consider whether to place a Stop Loss order to try to avoid a deficit balance on your account.

13.5 Example of going long on Bullion CFD (gold)

Example of Going Long and making a profit on Gold
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to appreciate against the US Dollar (USD) which is currently at 982.80/3.30. You decide to buy 100 OZ of Gold (1 contract) at the current price.

Day 1			
Opening a Position	Calculation	Account Display	
The price of spot Gold is 982.80 (bid price)/983.30 (offer price) You buy 100 OZ (1 contract) at the exchange rate of 983.30	Contract Value: 100 OZ x 983.30 = US$98,330 N/A	Opening Balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded	100 OZ x 983.30 x 1% = US$983.30 This amount will be booked in your base currency, which is AUD at 0.9280 = A$1,059.60	Initial Margin Requirement	A$1,059.60
Your Free Equity is Total Equity less your Margin Requirement	20,000 – 1,059.60 = 18940.40	Free Equity	A$18,940.40
You decide to hold the Position overnight. The closing price of spot Gold for the day was 983.30, the same as your purchase price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the Interbank Market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out at Section 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be charged with US$8.10 for being long spot Gold Your open Position will remain at the historical purchase price of 983.30 This way you can keep track of your original purchase price at all times	Daily Rollover Charge US$8.10 This amount will be booked in your base currency, which is AUD at 0.9280 = A$8.80 Total Equity will be $20,000 – 8.8 = $19,991.20	Balance	$19,991.20
Let say, at 11:30 a.m., spot gold has moved up to 990.00 Your Position is marked to market which will change your account	Unrealised Profit (990.00 – 983.30) x 100 OZ = US$670.00		

balance	This amount will be booked in your AUD base currency at the rate of 0.9330 =A$718.11 New Equity Balance 19,991.20 + 718.11 =20,709.31	Total Equity	A$20,709.31
Your Margin Requirement	100 OZ x $990.00 x 1% = US$990 = A$1,061.09	Initial Margin Requirement	A$1,061.09
Your Free Equity is Total Equity less your Margin Requirement	A$20,709.31 – 1,061.09 = $19,648.22	Free Equity	A$19,648.22

At 4 p.m. you decided to close your Position as spot Gold has appreciated to 995.00/60			
Closing the Position	Calculation	Account Display	
You sell 100 OZ at bid price of 995.00 to close your Position	Contract Value: 100 OZ x 995.00 = US$99,500 N/A		
Realised Profit	(995.00 – 983.30) x 100 = US$1,170.00 =A$1,254.02 New Balance 19,991.20 + 1,254.02 = A$21,245.22	Balance	A$21,245.22
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	A$21,245.22 – 0.0 = A$21,245.22	Free Equity	A$21,245.22

In this example you were correct in predicting spot Gold will appreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$1,245.82 profit. However, if your prediction was wrong and the price had moved in the opposite direction by an equal amount, your loss would have been A$1,237.06. Please see the example below for how this loss is calculated.

Example of Going Long and making a loss on Gold
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to appreciate against the US Dollar (USD) which is currently at 982.80/3.30. You decide to buy 100 OZ of Gold (1 contract) at the current price.

Day 1			
Opening a Position	Calculation	Account Display	
The price of spot Gold is 982.80 (bid price)/983.30 (offer price)	Contract Value: 100 OZ x 983.30 = US$98,330	Opening Balance	A$20,000
You buy 100 OZ (1 contract) at the exchange rate of 983.30			
You pay no commission for this trade. ECN Trade charges no commission for trading Margin Commodity Contracts	N/A		
Your Margin Requirement for this trade is 1% of the amount traded	100 OZ x 983.30 x 1% = US$983.30 This amount will be booked in your base currency, which is AUD at 0.9280 = A$1,059.60	Initial Margin Requirement	A$1,059.60
Your Free Equity is Total Equity less your Margin Requirement	20,000 – 1,059.60 = 19,000	Free Equity	A$18,940.40
You decide to hold the Position overnight. The closing price of spot Gold for the day was 983.30, the same as your purchase price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the Interbank Market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be charged with US$8.10 for being Long spot Gold	Daily Rollover Charge US$8.10 This amount will be booked in your base currency, which is AUD at 0.9280 = A$8.80 Total Equity will be $20,000 – 8.8 = $19,991.20	Balance	$19,991.20
Your open Position will remain at the historical purchase price of 983.30 This way you can keep track of your original purchase price at all times			
Let say, at 11:30 a.m., spot gold has weakened to 977.00 Your Position is marked to market which will change your account balance	Unrealised Loss (977.00 – 983.30) x 100 OZ = US$630.00		

	This amount will be booked in your AUD base currency at the rate of 0.9200 =A$684.78 New Equity Balance 19,991.20 – 684.78 =19,306.42	Total Equity	A$19,306.42
Your Margin Requirement	100 OZ x $977.00 x 1% = US$977 = A$1,061.96	Initial Margin Requirement	A$1,061.96
Your Free Equity is Total Equity less your Margin Requirement	A$19,306.42 – 1,061.96 = $18,244.46	Free Equity	A$18,244.46

At 4 p.m. you decided to close your Position as your prediction was wrong spot Gold has fallen further to 970.00/60			
Closing the Position	Calculation	Account Display	
You sell 100 OZ at bid price of 977.00/06 to close your Position	Contract Value: 100 OZ x 972 = US$97,200 N/A		
Realised Loss	(972 – 983.30) x 100000 = US$1,130 =A$1,228.26 New Balance $19,991.20 – 1,228.26 = $18,762.94	Balance	A$18,762.94
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	$18,782.94 – 0.0 = $18,762.94	Free Equity	A$18,762.94

In this example, you were wrong in predicting spot Gold will appreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$1,237.06 loss.

13.6 Example of going short on Bullion CFD (gold)

Example of Going Short and making a profit on Gold		
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to depreciate against the US Dollar (USD) which is currently at 982.70/3.30. You decide to sell 100 OZ of Gold (1 contract) at the current price.		
Day 1		

Opening a Position	Calculation	Account Display	
The price of spot Gold is 982.70 (bid price)/983.30 (offer price)	Contract Value: 100 OZ x 982.70 = US$98,270	Opening Balance	A$20,000
You sell 100 OZ (1 contract) at the exchange rate of 982.70	N/A		
Your Margin Requirement for this trade is 1% of the amount traded	100 OZ x 982.70 x 1% = US$982.70 This amount will be booked in your base currency, which is AUD at 0.9280 = A$1,058.94	Initial Margin Requirement	A$1,058.94
Your Free Equity is Total Equity less your Margin Requirement	$20,000 – 1,058.94 = $18,941.06	Free Equity	A$18,941.06
You decide to hold the Position overnight. The closing price of spot Gold for the day was 982.70, the same as your purchase price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with US$7.20 for being short spot Gold Your open Position will remain at the historical purchase price of 982.70 This way you can keep track of your original purchase price at all times	Daily Rollover Charge US$7.20 This amount will be booked in your base currency, which is AUD at 0.9280 = A$7.80 Total Equity will be $20,000 + 7.8 = $20,007.80	Balance	$20,007.80
Let say, at 11:30 a.m., spot gold has moved down to 976.00 Your Position is marked to market which will change your account balance	Unrealised Profit (976.00 – 982.70) x 100 OZ = US$670.00 This amount will be booked in your AUD base currency at the rate of	Total Equity	A$20, 736.06

	0.9200 =A$728.26 New Equity Balance 20,007.80 + 728.26 =20,736.06		
Your Margin Requirement	100 OZ x $976.00 x 1% = US$976 = A$1,060.87	Initial Margin Requirement	A$1,060.87
Your Free Equity is Total Equity less your Margin Requirement	A$20,736.06 – 1,060.87 = $19,675.19	Free Equity	A$19,675.19

At 4 p.m. you decided to close your Position as spot Gold has depreciated to 970.80/40			
Closing the Position	Calculation	Account Display	
You buy 100 OZ at offer price of 971.40 to close your Position	Contract Value: 100 OZ x 971.40 = US$97,140 N/A		
Realised Profit	(971.40 – 982.70) x 100 = US$1,130 =A$1,228.26 New Balance 20,007.80 + 1,228.26 = A$21,236.06	Total Equity	A$21,236.06
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	A$21,236.06 – 0.0 = A$21,236.06	Free Equity	A$21,236.06

In this example you were correct in predicting spot Gold will depreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$1,236.06 profit. However, if your prediction was wrong and the price had moved in the opposite direction by an equal amount, your loss would have been A$1,220.46. Please see the example below for how this loss is calculated.

Example of Going Short and making a loss on Gold		
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to depreciate against the US Dollar (USD) which is currently at 982.70/3.30. You decide to sell 100 OZ of Gold (1 contract) at the current price.		
Day 1		
Opening a Position	Calculation	Account Display

The price of spot Gold is 982.70 (bid price)/983.30 (offer price)	Contract Value: 100 OZ x 982.70 = US$98,270	Balance	A$20,000
You sell 100 OZ (1 contract) at the exchange rate of 982.70	N/A		
Your Margin Requirement for this trade is 1% of the amount traded	100 OZ x 982.70 x 1% = US$982.70 This amount will be booked in your base currency, which is AUD at 0.9280 = A$11058.94	Initial Margin Requirement	A$1,058.94
Your Free Equity is Total Equity less your Margin Requirement	$20,000 – 1,058.94 = A$18,941.06	Free Equity	A$18,941.06
You decide to hold the Position overnight. The closing price of spot Gold for the day was 982.70, the same as your purchase price.			

Because you have decided to hold your Position overnight you will incur a daily Rollover Charge, which is calculated according to the overnight swap rate in the interbank market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with US$7.20 for being Short spot Gold Your open Position will remain at the historical purchase price of 983.30 This way you can keep track of your original purchase price at all times	Daily Rollover Charge US$7.2 This amount will be booked in your base currency, which is AUD at 0.9280 = A$7.80 Total Equity will be $20,000 + 7.8 = $20,007.80	Balance	$20,007.80
Let say, at 11:30 a.m., spot gold has moved up to 989.40 Your Position is marked to market which will change your account balance	Unrealised Loss (989.40 – 982.70) x 100 OZ = US$670.00 This amount will be booked in your AUD base currency at the rate of	Total Equity	A$19,279.54

	0.9200 =A$728.26 New Equity Balance $20,007.78 - 728.26 =19,279.54		
Your Margin Requirement	100 OZ x $989.40 x 1% = US$989.40 = A$1,075.43	Initial Margin Requirement	A$1,075.43
Your Free Equity is Total Equity less your Margin Requirement	A$19,279.54 – 1,075.43 = $18,204.11	Free Equity	A$18,204.11

At 4 p.m. you decided to close your Position as your prediction was wrong spot Gold has risen further to 993.40/4.00			
Closing the Position	Calculation	Account Display	
You buy 100 OZ at offer price of 994.00 to close your Position	Contract Value: 100 OZ x 994 = US$99,400 N/A		
Realised Loss	(994 – 982.70) x 100000 = US$1,130 =A$1,228.26 New Balance $20,007.80 – 1,228.26 = $18,779.54	Balance	A$18,779.54
Initial Margin Requirement will be zero because you have closed your Position	N/A	Margin Requirement	$0.00
Free Equity is your Total Equity less Margin Requirement	$18,779.54 – 0.0 = $18,779.54	Free Equity	A$18,779.54

In this example, you were wrong in predicting spot Gold will depreciate against the USD. After commission and daily Rollover Charge for one day you would have made A$1,220.46 loss.

13.7 Example of going long on Bullion CFD (gold) and going into Margin Call

Example of Going Long and going into Margin call on Gold		
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to appreciate against the US Dollar (USD) which is currently at 982.80/3.30. You decide to buy 1,000 OZ of Gold (10 contract) at the current price.		
Day 1		
Opening a Position	Calculation	Account Display

The price of spot Gold is 982.70 (bid price)/983.30 (offer price) You buy 1,000 OZ (10 contract) at the exchange rate of 983.30	Contract Value: 1,000 OZ x 983.30 = US$983,300 N/A	Opening Balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded	1,000 OZ x 983.30 x 1% = US$9,833 This amount will be booked in your base currency, which is AUD at 0.9280 = A$10,595.91	Initial Margin Requirement	A$10,595.91
Your Free Equity is Total Equity less your Margin Requirement	20,000 – 10,595.90 = $9,404.09	Free Equity	A$9,404.09
You decide to hold the Position overnight. The closing price of spot Gold for the day was lower at 973.80, due to a better than expected US employment figure.			

Because you have decided to hold your Position overnight you will incur a Daily Rollover Charge, which is calculated according to the overnight swap rate in the Interbank Market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be charged with US$81.00 for being Long spot Gold Your open Position will remain at the historical purchase price of 983.30 This way you can keep track of your original purchase price at all times	Daily rollover charge US$81.00 This amount will be booked in your base currency, which is AUD at 0.9280 = A$87.28 Total Equity will be $20,000 – 87.28 = $19,912.72	Balance	$19,912.72
Your Position is marked to market which will change your account balance	Unrealised Loss (973.80 – 983.30) x 1,000 OZ = US$9,500 This amount will be booked in your AUD base currency at the rate of	Total Equity	A$9,620.20

	0.9230 =A$10,292.52 New Equity Balance $19,912.72 – 10,292.52 = 9,620.20		
Your Margin Requirement for this trade is 1% of the amount traded	1,000 OZ x $973.80 x 1% = US$9,738 = A$10,550.38	Initial Margin Requirement	A$10,550.38
Your Free Equity is Total Equity less your Margin Requirement	$9,620.20–10,550.38 = =-$930.18	Free Equity	-A$930.18
As your Free Equity has fallen into a deficit, you would now be on a Margin call		Margin call	A$930.18

In this example, the price of spot Gold had moved against you and your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin call. When your account moves into deficit you have two options. You can either reduce your Position in order to reduce your Margin Requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin call.

When you are in Margin call you are not allowed to open any new Positions. Further Margin calls will be made if spot Gold keeps falling during the day. Please see the following example.

Example of Gong Long and going into further Margin call on Gold			
At 10 a.m. spot Gold falls to 973.00/60			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Unrealised Loss: (973.00 – 983.30) x 1,000 = US$10,300 This amount will be booked in your AUD base currency at the rate of 0.9180 = A$11,220.04 New Equity: $19,912.72 - $11,220.04 = $8,692.68	Total Equity	A$8,692.68
Your Margin Requirement for this trade is 1% of the amount traded	1,000 x 973.00 x 1% = US$9,730 = A$10,599.13	Margin Requirement	A$10,599.13
Free Equity is your Total Equity less Margin Requirement	A$8,692.68 – $10,599.13 = -A$1,906.45	Free Equity	-A$1,906.45
As your Free Equity has fallen further, you would now be on a second Margin call		Second Margin call	A$1,906.45

As you have not responded to the first Margin call and your account debit has fallen further you will be sent a second Margin call. You need to do one of the following:

- either depositing additional funds in to your account; or
- close or reduce one or more or part of your open Position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Funds before they will be treated as having satisfying your Margin call requirements.

Alternatively, you may wish to consider whether to place a Stop Loss Order to try to avoid a deficit balance on your account.

13.8 Example of going short on Bullion CFD (gold) and going into Margin Call

Example of Going Short and going into Margin call on Gold			
You opened an account with ECN Trade and your account has an opening balance of A$20,000 and you believe that the price of spot Gold is going to depreciate against the US Dollar (USD) which is currently at 982.70/3.30. You decide to sell 1,000 OZ of Gold (10 contract) at the current price.			
Day 1			
Opening a Position	Calculation	Account Display	
The price of spot Gold is 982.70 (bid price)/983.30 (offer price) You sell 1,000 OZ (10 contract) at the exchange rate of 982.70	Contract Value: 1,000 OZ x 982.70 = US$982,700 N/A	Opening balance	A$20,000
Your Margin Requirement for this trade is 1% of the amount traded	1,000 OZ x 982.70 x 1% = US$9,827 This amount will be booked in your base currency, which is AUD at 0.9280 = A$10,589.44	Initial Margin Requirement	A$10,589.44
Your Free Equity is Total Equity less your Margin Requirement	$20,000 – 10,589.44 = $9,410.56	Free Equity	A$9,410.56
You decide to hold the Position overnight. The closing price of spot Gold for the day was higher at 992.20, due to a worst than expected US employment figure.			

Because you have decided to hold your Position overnight you will incur a Daily Rollover Charge, which is calculated according to the overnight swap rate in the Interbank Market, which fluctuates daily and represents the difference between the interest differential of Gold and USD involved. The Rollover Rate is variable according to currency pairs and calculated as set out in clause 9.5 of our Client Agreement.		
Day 2		
The Next Day	Calculation	Account Display

Your account will be credited with US$72.00 for being Short spot Gold	Daily rollover charge US$72.00 This amount will be booked in your base currency, which is AUD at 0.9280 = A$77.60 Total Equity will be $20,000 + 77.60 = $20,077.60	Balance	$20,077.60
Your open Position will remain at the historical purchase price of 982.70 This way you can keep track of your original purchase price at all times			
Your Position is marked to market which will change your account balance	Unrealised Profit (992.20 – 982.70) x 1,000 OZ = US$950.00 This amount will be booked in your AUD base currency at the rate of 0.9200 =A$10,326.09 New Equity Balance 20,077.60 – 10,326.09 = A$9,751.51	Total Equity	A$9,751.51
Your Margin Requirement	1,000 OZ x $992.20 x 1% = US$9,922 = A$10,784.78	Initial Margin Requirement	- A$10,784.78
Your Free Equity is Total Equity less your Margin Requirement	A$9,751.51 – 10,784.78 = -$1,033.27	Free Equity	-A$1,033.27
As your Free Equity has fallen into a deficit, you would now be on a Margin call		Margin call	A$1,033.27

In this example, the price of spot Gold had moved against you and your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin call. When your account moves into deficit you have two options. You can either reduce your Position in order to reduce your Margin Requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin call.

When you are in Margin call you are not allowed to open any new Positions. Further Margin calls will be made if spot Gold keeps falling during the day. Please refer to the following example.

Example of Going Short and going into further Margin call on Gold			
At 10 a.m. spot Gold moves higher to 992.40/3.00			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Unrealised Loss: (993.00 – 982.70) x 1,000 = US$10,300		

	This amount will be booked in your AUD base currency at the rate of 0.9330 = A$11,039.65 New Equity: $20,077.60 - $11,039.65 = $8,960.34	Total Equity	A$8,960.34
Your Margin Requirement for this trade is 1% of the amount traded	1,000 x 993.00 x 1% = US$9,930 = A$10,643.09	Margin Requirement	A$10,643.09
Free Equity is your Total Equity less Margin Requirement	A$8,960.34– $10,643.09 = -A$1,682.75	Free Equity	-A$1,682.75
As your Free Equity has fallen further, you would now be on a second Margin call		Second Margin call	A$1,682.75

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- close or reduce one or more or part of your open Position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Funds before they will be treated as having satisfying your Margin call requirements.

Alternatively, you may wish to consider whether to place a Stop Loss Order to try to avoid a deficit balance on your account.

13.9 Example of Going Short on Share CFDs

Example of Going Short and making a profit on share CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	10,000 x 120.88 = GBP12,088.00 @0.4800 =AUD25,183.33	Opening Equity	A$10,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88			
You will pay $25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	10,000 x 120.88 x 0.1% = GBP12.09 @0.4800 = AUD25.19 =Equity balance $10,000 - $25.19 = $9,974.81	Total Equity	A$9,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price	10,000 x 120.88 x 10%		

multiplied by the margin rate. Your initial margin requirement to open this position is $2,518.33	= GBP1,208.80 @0.4800 = A$2,518.33	Margin Requirement	A$2,518.33
Free Equity is your Total Equity less your Margin Requirement	$9,974.81 - $ 2,518.33= $7256.48	Free Equity	A7,456.48
You decided to hold the position overnight. The closing price for VODAFONE Share CFD for the day was 120.88, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with A$0 for the Overnight Financing Charge because you were Short Share CFD	GBP12,088 x 0% x 1 day/365 = GBP0.00	Total Equity	A$9,974.81
At 11:30 a.m. London time because of worst than expected earning announcement, the share price of VODAFONE had fallen to 111.88	Unrealised Profit: (120.88 - 111.88) x 10,000 =GBP900.00 @0.4800 =A$1,875.00 New Equity Balance: $9,974.81+ $1,875.00 =$11,849.81	Total Equity	A$11,849.81
Your position is marked to market at 111.88.			
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10,000 x 111.88 x 10% =GBP1,118.80 @0.4800 =A$2,330.83	New Margin Requirement	A$2,330.83
Free Equity is your Total Equity less your margin requirement	$11,849.81 - $2,330.83 = $9,518.98	Free Equity	A$9,518.98

At 3:45 p.m. you decided to close your position. The market is quote at 110.43/110.88			
Closing the Position	Calculation	Account Display	
You buy 10,000 VODAFONE Share CFDs at 110.88 market offer price	10,000 x 110.88 = GBP11,088.00		

You will pay $22.69 commission at the rate of 0.1% This amount if deducted from your total equity balance	10,000 x 110.88 x 0.1% = GBP11.09 @0.4800 = A$22.69 New Equity balance $9,974.81 - $22.69 = $9,952.12	Total Equity	A$9,952.12
Realised Profit	(120.88 – 110.88) x 10,000 =GBP1,000 @0.4800 =A$2,083.33 New Equity Balance: $9,952.12 + $2,083.33 =$12,035.45	Total Equity	A$12,035.45
Initial Margin Requirement Will be zero because you have closed your position	N/A	Margin Requirement	A$0.00
Free Equity is your Total Equity less your margin requirement	$12,035.45 - $0 = $12,035.45	Free Equity	A$12,035.45

In this example, you were right in predicting VODAFONE will go down. After commission and financing charges you would have made A$2,035.45 profit. However, if your prediction was wrong and the price of VODAFONE had moved in the opposite direction by an equal amount, your loss would have been A$2,135.79 . Please see the example below for how this loss is calculated.

Example of Going Short and making a loss on share CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price)	10,000 x 120.88 = GBP12,088.00 @0.4800 =AUD25,183.33	Opening Equity	A$10,000
You sell 10,000 VODAFONE share CFDs at the bid price of 120.88			
You will pay $25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	10,000 x 120.88 x 0.1% = GBP12.09 @0.4800 = AUD25.19 =Equity balance $10,000 - $25.19 = $9,974.81	Total Equity	A$9,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is $2,518.33	10,000 x 120.88 x 10% = GBP1,208.80 @0.4800 = A$2,518.33	Margin Requirement	A$2,518.33

Free Equity is your Total Equity less your Margin Requirement	$9,974.81 - $ 2,518.33= $7,256.48	Free Equity	A7,456.48
You decided to hold the position overnight. The closing price for VODAFONE Share CFD for the day was $22.95, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with A$0 for the Overnight Financing Charge because you were Short Share CFD	GBP12,088 x 0% x 1 day/365 = GBP0.00	Total Equity	A$9,974.81
At 11:30 a.m. London time because of better than expected earning announcement, the share price of VODAFONE had risen to 129.88	Unrealised Loss: (120 .88 – 119.88) x 10,000 =GBP900 @0.48.00 =A$1,875.00 New Equity Balance: $9,974.81 - $1875.00 =$8,099.81	Total Equity	A$8,099.81
Your position is marked to market at 129.88.			
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10,000 x 129.88 x 10% =GBP1,298.80 @0.4800 =A$2,705.83	New Margin Requirement	A$2,705.83
Free Equity is your Total Equity less your margin requirement	$8,099.81 - $2,705.83 =A$5,393.98	Free Equity	A$5,393.98

At 3:45 p.m. London time you decided to close your position. The market is quoted at 129.43/130.88.			
Closing the Position	Calculation	Account Display	
You buy 10,000 VODAFONE Share CFDs at 130.88 market offer price	Contract Value: 10,000 x 130.88 = GBP13,088.00	Total Equity	A$9,947.54
You will You will pay $ commission at the rate of 0.1% This amount if deducted from your	10,000 x 130.88 x 0.1% = GBP13.09 @0.48.00 = A$27.27 New Equity balance		

total equity balance	\$9,974.81- \$27.27 = \$9,947.54		
Realised Loss	(120.88 – 130.88) x 10,000 =GBP1,000 @0.48.00 =A\$2,083.33 New Equity Balance: \$9,947.54 - \$2,083.33 = \$7,864.21	Total Equity	A\$7,864.21
Initial Margin Requirement Will be zero because you have closed your position	N/A	Margin Requirement	A\$0.00
Free Equity is your Total Equity less your margin requirement	\$7,864.21 - \$0 = \$7,864.21	Free Equity	A\$7,864.21

In this example, you were wrong in predicting VODAFONE will go down. After commission and financing charges you would have made A\$2,135.79 loss.

13.10 Example of Going Short on Share CFD with Margin Call

Example of Going Short and going into margin call on share CFDs			
You opened an account with ECN Trade and your account has an opening balance of A\$5,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price) You sell 10,000 VODAFONE share CFDs at the bid price of 120.88	10,000 x 120.88 = GBP12,088.00 @0.4800 =AUD25,183.33	Opening Equity	A\$5,,000
You will pay \$25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	10,000 x 120.88 x 0.1% = GBP12.09 @0.4800 = AUD25.19 =Equity balance \$10,000 - \$25.19 = \$9,974.81	Total Equity	A\$4,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is \$2,518.33	10,000 x 120.88 x 10% = GBP1,208.80 @0.4800 = A\$2,518.33	Margin Requirement	A\$2,518.33
Free Equity is your Total Equity less your Margin Requirement	\$9,974.81 - \$ 2,518.33= \$7256.48	Free Equity	A2,456.48
You decided to hold the position overnight. The closing price for WBC Share CFD for the day was \$22.95, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with A$0 for the Overnight Financing Charge because you were Short Share CFD	GBP12,088 x 0% x 1 day/365 = GBP0.00	Total Equity	A$4,974.81
At 11:30 a.m. London time because of better than expected earning announcement, the share price of VODAFONE had risen to 135.88 Your position is marked to market at 135.88.	Unrealised Loss: (120 .88 – 135.88) x 10,000 =GBP1,500 @0.48.00 =A$3,125.00 New Equity Balance: $4,974.81 - $3,125.00 =$1,849.81	Total Equity	A$1,849.81
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10,000 x 135.88 x 10% =GBP1,358.80 @0.4800 =A$2,830.83	New Margin Requirement	A$2,830.83
Free Equity is your Total Equity less your margin requirement	$1,849.81 - $2,830.83 = -A$981.02	Free Equity	-A$981.02
As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A$981.02

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the price of Vodafone keeps going up during the day. Please refer to the following example.

Example of Going short and going into further Margin Call on Share CFD			
At 12 p.m. London time the price of Vodafone Share CFD had risen to 137.88			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Contract Value: 10,000 x 137.88 = GBP13,788.00		

	Unrealised Loss: (120.88 – 137.88) x 10,000 = GBP1,700.00 @0.48.00 =A$3,541.67 New Equity: $4,974.68 - $3,541.67= $1,433.01	Total Equity	A$1,433.01
Your Margin Requirement	10,000 x 137.88 x 1% = GBP1,378.80 @0.48.00 =A$2,872.50	Margin Requirement	A$2,872.50
Free Equity is your Total Equity less Margin Requirement	A$1,433.01– $2,872.50 = -A$1,639.30	Free Equity	-A$1,439.49
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A$1,439.49

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

13.11 Going Long on Share CFD

Example of Going Short and going into margin call on Share CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$5,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of VODAFONE share CFD is 120.88 (bid price)/131.33 (offer price) You sell 10,000 VODAFONE share CFDs at the bid price of 120.88	10,000 x 120.88 = GBP12,088.00 @0.4800 =AUD25,183.33	Opening Equity	A$5,,000
You will pay $25.19 commission at the rate of 0.1% This amount is deducted from your total equity balance	10,000 x 120.88 x 0.1% = GBP12.09 @0.4800 = AUD25.19 =Equity balance $10,000 - $25.19 = $9,974.81	Total Equity	A$4,974.81
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to	10,000 x 120.88 x 10% = GBP1,208.80 @0.4800 = A$2,518.33	Margin Requirement	A$2,518.33

open this position is $2,518.33			
Free Equity is your Total Equity less your Margin Requirement	$9,974.81 - $ 2,518.33= $7256.48	Free Equity	A2,456.48
You decided to hold the position overnight. The closing price for WBC Share CFD for the day was $22.95, the same as your sell price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR minus 2%			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be credited with A$0 for the Overnight Financing Charge because you were Short Share CFD	GBP12,088 x 0% x 1 day/365 = GBP0.00	Total Equity	A$4,974.81
At 11:30 a.m. London time because of better than expected earning announcement, the share price of VODAFONE had risen to 135.88	Unrealised Loss: (120 .88 – 135.88) x 10,000 =GBP1,500 @0.48.00 =A$3,125.00 New Equity Balance: $4,974.81 - $3,125.00 =$1,849.81	Total Equity	A$1,849.81
Your position is marked to market at 135.88.			
Your open position will remain at the historical purchase price of 120.88 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10,000 x 135.88 x 10% =GBP1,358.80 @0.4800 =A$2,830.83	New Margin Requirement	A$2,830.83
Free Equity is your Total Equity less your margin requirement	$1,849.81 - $2,830.83 = -A$981.02	Free Equity	-A$981.02
As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A$981.02

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the price of Vodafone keeps going up during the day. Please refer to the following example.

Example of Going short and going into further Margin Call on Share CFD
At 12 p.m. London time the price of Vodafone Share CFD had risen to 137.88

	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Contract Value: 10,000 x 137.88 = GBP13,788.00 Unrealised Loss: (120.88 – 137.88) x 10,000 = GBP1,700.00 @0.48.00 =A$3,541.67 New Equity: $4,974.68 - $3,541.67= $1,433.01	Total Equity	A$1,433.01
Your Margin Requirement	10,000 x 137.88 x 1% = GBP1,378.80 @0.48.00 =A$2,872.50	Margin Requirement	A$2,872.50
Free Equity is your Total Equity less Margin Requirement	A$1,433.01– $2,872.50 = -A$1,639.30	Free Equity	-A$1,439.49
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A$1,439.49

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

13.12 Going long on Share CFD with Margin Call

Example of Going Long and going into margin call on Share CFDs			
You maintain an account with ECN Trade and your account has a total equity balance of A$5,000			
Day 1			
Opening a position	Calculation	Account Display	
The price of Vodafone share CFD is 120.88 (bid price)/121.33 (offer price) You buy 10,000 Vodafone share CFDs at the offer price of 121.33	10,000 x 121.33 p = GBP12,133.00 @0.4800 Equivalent to AUD25,277.08	Opening Balance A$5,000	
You will pay $25.27 commission at the rate of 0.1% This amount is deducted from your	10,000 x 121.33 x 0.1% = GBP12.13 @0.4800 equivalent to AUD25.27	Total Equity	A$4,974.73

total equity balance	New Equity balance $10,000 - $25.27 = $9,974.73		
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is $2,296.00	10,000 x 121.33 x 10% = GBP1,213.30 @0.48 equivalent to AUD2,527.71	Margin Requirement	A$2,527.71
Free Equity is your Total Equity less your Margin Requirement	$4,974.73 - $ 2,527.71 = $2,447.02	Free Equity	A$2,447.02
You decide to hold the position overnight. The closing price for WBC Share CFD for the day was $22.96, the same as your purchase price. However, the US Stock market has plummeted 4% due to a much worse than expected US employment figure.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the LIBOR plus 2%			
Day 2			
The Next Day	Calculation	Account Display	
Your account will be debited with A$2.08 for the Overnight Financing Charge because you were Long Share CFD	GBP12,133 x 3.0% x 1 day/365 = GBP1.00 @0.48.00 =AUD2.08 New Equity Balance $4,974.73 - $2.08 = $9,972.65	Total Equity	A$4,972.65
At 11:30 a.m. London time because of worse than expected earning announcement, the share price of Vodafone had fallen to 106.33	Unrealised Loss: (106.33 -121.33) x 10,000 =GBP1,500.00 @0.48.00 =AUD3,125.00 New Equity Balance: $4,972.65 - $3,125.00 =$1,847.65	Total Equity	A$1,847.65
Your position is marked to market at 106.33.	Margin Requirement: 10,000 x 106.33 x 10% =GBP1,063.30 @0.48.00 =AUD2,215.21	Margin Requirement	A$2,215.21
Your free equity is total equity less your margin requirement	A$1,847.65 – $2,215.21 = -$492;55	Free Equity	-A$492.55

As your Free Equity has fallen into a debit balance, you would now be on a Margin Call		Margin Call	A$492.55

In this example, your Total Equity Balance fell below your Margin Requirement, your account will be placed on Margin Call. When your account moves into deficit you have two options. You can either reduce your position in order to reduce your Margin requirement or deposit additional funds into your account in order to increase the equity amount and satisfy the Margin Call.

When you are in Margin Call you are not allowed to open any new positions. Further Margin Calls will be made if the Vodafone keeps falling during the day. Please refer to the following example.

Example of Gong Long and going into further Margin Call on Share CFD's			
At 12 p.m. London time the price of Vodafone Share CFD falls to 104.33/104.88			
	Calculation	Account Display	
Your account is marked to market at the current market price which will change your account balance	Contract Value: 10,000 x 104.33 = GBP10,433.00 Unrealised Loss: (104.333 – 121.33) x 10,000 = GBP1,700.00 @0.48.00 =A$3,541.67 New Equity: $4,972.65 = $3,541.67 = $1,430.98	Total Equity	A$1,430.98
Your Margin Requirement	10,000 x 104.33 x 10% = GBP1,043.30 @0.48.00 =A$2,173.54	Margin Requirement	A$2,173.54
Free Equity is your Total Equity less Margin Requirement	A$1,430.98 - $2,173.54 = -$742.56	Free Equity	-A$742.56
As your Free Equity has fallen further, you would now be on a Second Margin Call		Second margin Call	A$742.56

As you have not responded to the first Margin Call and your account debit has fallen further you will be sent a Second Margin Call. You need to do one of the following:

- either depositing additional funds in to your account; or
- closing or reducing one or more or part of your open position(s)

If you choose to deposit additional funds into your account, these funds must be Cleared Fund before they will be treated as having satisfying your margin Call requirements.

13.13 Example of going short on Index Futures CFD

Example of Going Short and making a profit on Index Futures CFDs
You opened an account with ECN Trade and your account has an opening balance of A$10,000

Day 1			
Opening a Position	Calculation	Account Display	
The price of AUS 200 Futures Index CFD is 3439 (bid price)/3441 (offer price)	Value of the Contract 10 x 3439 = $34,390	Opening Equity	A$10,000
You sell 10 AUS 200 Futures Index CFDs at the offer price of 3439.			
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is $343.90	10 x 3439 x 1% = $343.90	Margin Requirement	$343.90
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $343.90 = $9,655.90	Free Equity	$9,656.10
You decided to hold the position overnight. The closing price for AUS 200 Futures Index CFD for the day was 3441, the same as your purchase price.			

Day 2			
The Next Day	Calculation	Account Display	
Daily financing charges or benefits do not apply to Futures CFDs		Total Equity	A$10,000.00
Following a negative movement overseas the AUS 200 Futures Index opened higher at 2897/99	Unrealised Profit: (3439-2899) x 10 =$540.00 New Equity Balance: $10,000.00 + $540 =$10,540.00	Total Equity	A$10,540.00
Your position is marked to market at 2899.			
Your open position will remain at the historical purchase price of 3441 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10 x 2899 x 1% = $289.90	New Margin Requirement	A$289.90
Free Equity is your Total Equity less your margin requirement	$10,540 - $289.90 = $10,250.10	Free Equity	A$10,250.10

At 3:45 p.m. you decided to close your position. The market is quoted at 3500			
Closing the Position	Calculation	Account Display	
You buy 10 AUS 200 Index Futures CFDs at 2849 market offer price	Value of the Contract 10 x2849 = $28,490.00	Total Equity	A$10,000.00
You will pay no commission when you trade Index CFDs			
Realised Profit	(3,439 – 2,849) x 10 =$590 New Equity Balance: $10,000+ $590 =$10,590.00	Total Equity	A$10,590.00
Free Equity is your Total Equity less your margin requirement	$10,590.00- $0 = $10,590.00	Free Equity	A$10,590.00

In this example, you were right in predicting the AUS 200 Index Futures will go up and you would have made A$590.00 profit. However, if your prediction was wrong and the price of the AUS 200 Index Futures moved in the opposite direction by an equal amount, your loss would have been A$590.00. Please see the example below for how this loss is calculated.

Example of Going Short and making a loss on AUS 200 Index futures CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price the AUS 200 Index Futures CFD is 3439 (bid price)/3441 (offer price)	Value of the Contract 10 x 3439 = $34,390	Opening Equity	A$10,000
You buy 10 AUS 200 Index Futures CFDs at the offer price of 3441.			
You will pay no commission when you trade our Index Futures CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is $343.90	10 x 3439 x 1% = $343.90	Margin Requirement	$343.90
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $343.90 = $9,655.90	Free Equity	$9,656.10

You decided to hold the position overnight. The closing price for the AUS 200 Index Futures CFD for the day was 3441, the same as your purchase price.			

Day 2			
The Next Day	Calculation	Account Display	
Daily financing charges or benefits do not apply to Futures CFDs		Total Equity	A$10,000.00
Following a positive movement overseas the AUS 200 Futures Index opened higher at 3977/79	Unrealised Profit: (2439 - 3799) x 10 =-$540.00 New Equity Balance: $10,000 - $540 = $9,460.00	Total Equity	A$9,460.00
Your position is marked to market at 3979.			
Your open position will remain at the historical purchase price of 3439 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10 x 3979 x 1% = $397.90	New Margin Requirement	A$397.90
Free Equity is your Total Equity less your margin requirement	$9,460.00- $397.90 = $9,062.10	Free Equity	$9,061.10

At 3:45 p.m. you decided to close your position. The market is quoted at 3382/84.			
Closing the Position	Calculation	Account Display	
You BUY 10 AUS Index Futures CFDs at 4029 market offer price	Contract Value: 10 x 4029 = $33,820	Total Equity	$19,898.60
You will pay no commission when you trade our Index Futures CFDs			
Realised Loss	(3439 - 4029) x 10 =-$590.00 New Equity Balance: $10,000 - $590 =$9,410.00	Total Equity	$9,410.00
Initial Margin Requirement Will be zero because you have closed your position	N/A	Margin Requirement	A$0.00
Free Equity is your Total Equity less your margin requirement	$9,410- $0 = $9,410	Free Equity	A$9,410.00

In this example, you were wrong in predicting the AUS 200 Index Futures will go up and you would have made a A$590.00 loss.

13.14 Example of going long on Index Futures CFD

Example of Going Long and making a profit on Index Futures CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of AUS 200 Futures Index CFD is 3439 (bid price)/3441 (offer price)	Value of the Contract 10 x 3441 = $34,410	Opening Equity	A$10,000
You buy 10 AUS 200 Futures Index CFDs at the offer price of 3441.			
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate.	10 x 3441 x 1% = $344.10	Margin Requirement	$344.10

Your initial margin requirement to open this position is $344.10			
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $344.10 = $9,655.90	Free Equity	$9,655.90
You decided to hold the position overnight. The closing price for AUS 200 Futures Index CFD for the day was 3441, the same as your purchase price.			

Day 2			
The Next Day	Calculation	Account Display	
Daily financing charges or benefits do not apply to Futures CFDs		Total Equity	A$10,000.00
Following a position movement overseas the AUS 200 Futures Index opened higher at 3495/97	Unrealised Profit: (3495-3441) x 10 =$540.00	Total Equity	A$10,540.00
Your position is marked to market at 3495.	New Equity Balance: $10,000.00 + $540 =$10,540.00		
Your open position will remain at the historical purchase price of 3441 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10 x 3495 x 1% = $349.50	New Margin Requirement	A$349.50
Free Equity is your Total Equity less your margin requirement	$10,540 - $349.50 = $10,190.50	Free Equity	A$10,190.50

At 3:45 p.m. you decided to close your position. The market is quoted at 3500			
Closing the Position	Calculation	Account Display	
You sell 10 AUS 200 Index Futures CFDs at 3500 market bid price	Value of the Contract 10 x 3500 = $35,000	Total Equity	A$8,819.50
You will pay no commission when you trade Index CFDs			
Realised Profit	(3,500 – 3,441) x 10 =$590 New Equity Balance: $10,000+ $590	Total Equity	A$10,590.00

	=$10,590.00		
Free Equity is your Total Equity less your margin requirement	$10,590.00- $0 = $10,590.00	Free Equity	A$10,590.00

In this example, you were right in predicting the AUS 200 Index Futures will go up and you would have made A$590.00 profit. However, if your prediction was wrong and the price of the AUS 200 Index Futures moved in the opposite direction by an equal amount, your loss would have been A$590.00. Please see the example below for how this loss is calculated.

Example of Going Long and making a loss on AUS 200 Index futures CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price the AUS 200 Index Futures CFD is 3439 (bid price)/3441 (offer price) You buy 10 AUS 200 Index Futures CFDs at the offer price of 3441.	Contract Value: 10 x 3441 = $34,410.00	Opening Equity	A$10,000.00
You will pay no commission when you trade our Index Futures CFDs		Total Equity	A$10,000.00
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is $344.10	10 x 3441 x 1% = $344.10	Margin Requirement	A$344.10
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $ 344.10 = $9,655.90	Free Equity	$9,655.90
You decided to hold the position overnight. The closing price for the AUS 200 Index Futures CFD for the day was 3441, the same as your purchase price.			

Day 2			
The Next Day	Calculation	Account Display	
Daily financing charges or benefits do not apply to Futures CFDs		Total Equity	A$10,000.00
Following a negative movement overseas the AUS 200 Futures Index opened lower at 3387/89 Your position is marked to market at 3495.	Unrealised Profit: (3387- 3441) x 10 =-$540.00 New Equity Balance:	Total Equity	A$9,460.00

	$10,000 - $540 =$9,460.00		
Your open position will remain at the historical purchase price of 3441 This way you can keep track of your original purchase price at all times.	Margin Requirement: 10 x 3387 x 1% = $338.70	New Margin Requirement	A$338.70
Free Equity is your Total Equity less your margin requirement	$9,460.00- $338.70 = $9,121.30	Free Equity	$9,121.30

At 3:45 p.m. you decided to close your position. The market is quoted at 3382/84.			
Closing the Position	Calculation	Account Display	
You sell 10 AUS Index Futures CFDs at 3382 market bid price	Contract Value: 10 x 3382 = $33,820	Total Equity	$19,898.60
You will pay no commission when you trade our Index Futures CFDs			
Realised Loss	(3382 - 3441) x 10 =-$590.00 New Equity Balance: $10,000 - $590 =$9,410.00	Total Equity	$9,410.00
Initial Margin Requirement Will be zero because you have closed your position	N/A	Margin Requirement	A$0.00
Free Equity is your Total Equity less your margin requirement	$9,410- $0 = $9,410	Free Equity	A$9,410.00

In this example, you were wrong in predicting the AUS 200 Index Futures will go up and you would have made a A$590.00 loss.

13.15 Example of going long and making a profit on cash Index CFDs

Example of Going Long and making a profit on Cash Index CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of UK100 Cash Index CFD is 3851 (bid price)/3853 (offer			

price) You buy 10 UK100 Cash Index CFDs at the offer price of 3853.	Value of the Contract 10 x 3853 = GBP38,530.00	Opening Equity	A$10,000
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is A$2,963.85	10 x 3853 x 5% = GBP1,926.50 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.6500. = A$2,963.85	Margin Requirement	A$2,963.85
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $2,963.85 = $7,036.15	Free Equity	$7,036.15
You decided to hold the position overnight. The closing price for UK100 Cash Index CFD for the day was 3853, the same as your purchase price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the Overnight Libor rate plus 2%			
The Next Day	Calculation	Account Display	
Your account will be debited with A$12.11 for the Overnight Financing Charge because you were Long Cash Index CFD	GBP38,530 x 3.50% x 1 day/365 = GBP3.69 =A$12.11 New Equity Balance $10,000 - $12.11 = $9,987.89	Total Equity	A$9,987.89
Following a position movement overseas theUK100 Cash Index opened higher at 3907/3909 Your position is marked to market at 3907	Unrealised Profit: (3909-3853) x 10 =$540.00 =A$1,125.00 New Equity Balance: $9,987.89 + $1,125.00 =$11,112.89	Total Equity	A$11,112.89
Your open position will remain at the historical purchase price of 3441	10 x 3853 x 5% = GBP1,926.50 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.6500.		

This way you can keep track of your original purchase price at all times.	= A$2,963.85	New Margin Requirement	A$2,963.85
Free Equity is your Total Equity less your margin requirement	$11,112.89 - $2,963.85 = $8,149.04	Free Equity	A$8,149.04

Closing the Position	Calculation	Account Display	
You sell 10 UK100 Cash Index CFDs at 4443 market bid price	Value of the Contract 10 x 4443 = GBP44,430.00	Total Equity	A$11,119.33
You will pay no commission when you trade Index CFDs			
Realised Profit	(4443 -3853) x 10 =GBP590 = A$1,255.32 New Equity Balance: $9,987.89 + $1,255.32 =$11,243.21	Total Equity	A$11,243.21
Free Equity is your Total Equity less your margin requirement	$11,243.21- $0 = $11,243.21	Free Equity	A$11,243.21

In this example, you were right in predicting UK100 Index will go up. After financing charges you would have made A$1,243.21 profit. However, if your prediction was wrong and the price of WBC had moved in the opposite direction by an equal amount, your loss would have been A$1,967.08. Please see the example below for how this loss is calculated.

13.16 Example of going long and making a loss on cash Index CFDs

Example of Going Long and making a loss on Cash Index CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of UK100 Cash Index CFD is 3851 (bid price)/3853 (offer price)	Value of the Contract 10 x 3853 = GBP38,530.00	Opening Equity	A$10,000
You buy 10 UK100 Cash Index CFDs at the offer price of 3853.			
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate.	10 x 3853 x 5% = GBP1,926.50 This amount will be booked in your	Margin	

Your initial margin requirement to open this position is A$2,963.85	base currency at the time of the trade. Let say the rate was 0.6500. = A$2,963.85	Requirement	A$2,963.85
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $2,963.85 = $7,036.15	Free Equity	$7,036.15
You decided to hold the position overnight. The closing price for UK100 Cash Index CFD for the day was 3853, the same as your purchase price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the Overnight Libor rate plus 2%			
The Next Day	Calculation	Account Display	
Your account will be debited with A$12.11 for the Overnight Financing Charge because you were Long Cash Index CFD	GBP38,530 x 3.50% x 1 day/365 = GBP3.69 =A$12.11 New Equity Balance $10,000 - $12.11 = $9,987.89	Total Equity	A$9,987.89
Following a negative movement overseas theUK100 Cash Index opened lower at 3799/3801 Your position is marked to market at 3799	Unrealised Loss: (3799-3853) x 10 =$540.00 =A$1,125.00 New Equity Balance: $9,987.89 - $1,125.00 =$8,862.89	Total Equity	A$8,862.89
Your open position will remain at the historical purchase price of 3853 This way you can keep track of your original purchase price at all times.	10 x 3853 x 5% = GBP1,926.50 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.6500. = A$2,963.85	New Margin Requirement	A$2,963.85
Free Equity is your Total Equity less your margin requirement	$8,862.89 - $2,963.85 = $5,899.04	Free Equity	A$5,899.04

Closing the Position	Calculation	Account Display	
You sell 10 UK100 Cash Index CFDs at 3794 market bid price	Value of the Contract 10 x 3794 = GBP37,940.00		

You will pay no commission when you trade Index CFDs		Total Equity	A$9,987.89
Realised Loss	(3794 -3853) x 10 =GBP590 = A$1,255.32 New Equity Balance: $9,987.89 - $1,255.32 =$8,732.57	Total Equity	A$ 8,732.57
Free Equity is your Total Equity less your margin requirement	$ 8,732.57- $0 = $ 8,732.57	Free Equity	A$ 8,732.57

In this example, you were wrong in predicting the UK100 Index will go up. After financing charges you would have made a A$1,266.53 loss.

13.17 Example of going short and making a profit on cash Index CFDs

Example of Going Short and making a profit on Cash Index CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of UK100 Cash Index CFD is 3851 (bid price)/3853 (offer price)	Value of the Contract 10 x 3851 = GBP38,510.00	Opening Equity	A$10,000
You sell 10 UK100 Cash Index CFDs at the offer price of 3851.			
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is A$2,963.85	10 x 3851 x 1% = BP385.10 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.4800. = A$802.29	Margin Requirement	A$802.29
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $802.29 = $9,197.71	Free Equity	A$9,197.71
You decided to hold the position overnight. The closing price for UK100 Cash Index CFD for the day was 3853, the same as your purchase price.			

Because you have decided to hold your position overnight you will receive a Financing Benefit, which is calculated by

multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the Overnight Libor rate minus 2%			
The Next Day	Calculation	Account Display	
Since the Overnight LIBOR rate for GBP minus 2% is below 0%, there will be no financing benefit		Total Equity	A$10,000.00
Following a negative movement overseas theUK100 Cash Index opened lower at 3795/3797	Unrealised Profit: (3851-3797) x 10 =$540.00 =A$1,125.00 New Equity Balance: $10,000 + $1,125.00 =$11,125.00	Total Equity	A$11,125.00
Your position is marked to market at 3907			
Your open position will remain at the historical purchase price of 3851 This way you can keep track of your original purchase price at all times.	10 x 3797 x 1% = GBP379.70 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.4800. = A$791.04	New Margin Requirement	A$791.04
Free Equity is your Total Equity less your margin requirement	$11,125.00 - $791.04 = $10,333.96	Free Equity	A$10,333.96

Closing the Position	Calculation	Account Display	
You buy 10 UK100 Cash Index CFDs at 3792 market bid price	Value of the Contract 10 x 3792 = GBP44,430.00	Total Equity	A$11,119.33
You will pay no commission when you trade Index CFDs			
Realised Profit	(3851 - 3792) x 10 =GBP590 = A$1,229.17 New Equity Balance: $10,000.00 + $1,229.17 =$11,229.17	Total Equity	A$11,229.17
Free Equity is your Total Equity less your margin requirement	$11,229.17 - $0 = $11,243.21	Free Equity	A$11,229.17

In this example, you were right in predicting UK100 Index will go up. After financing benefit you would have made A$1,229.17 profit. However, if your prediction was wrong and the price of WBC had moved in the opposite direction by an equal amount, your loss would have been A$1,967.08. Please see the example below for how this loss is calculated.

13.18 Example of going short and making a loss on Cash Index CFDs

Example of Going Short and making a loss on Cash Index CFDs			
You opened an account with ECN Trade and your account has an opening balance of A$10,000			
Day 1			
Opening a Position	Calculation	Account Display	
The price of UK100 Cash Index CFD is 3851 (bid price)/3853 (offer price) You buy 10 UK100 Cash Index CFDs at the offer price of 3853.	Value of the Contract 10 x 3853 = GBP38,530.00	Opening Equity	A$10,000
You will pay no commission when you trade Index CFDs		Total Equity	A$10,000
Your Initial margin requirement for this trade is the number of CFDs multiplied by trade price multiplied by the margin rate. Your initial margin requirement to open this position is A$2,963.85	10 x 3853 x 5% = GBP1,926.50 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.6500. = A$2,963.85	Margin Requirement	A$2,963.85
Free Equity is your Total Equity less your Margin Requirement	$10,000 - $2,963.85 = $7,036.15	Free Equity	$7,036.15
You decided to hold the position overnight. The closing price for UK100 Cash Index CFD for the day was 3853, the same as your purchase price.			

Because you have decided to hold your position overnight you will incur a Financing Charge, which is calculated by multiplying the number of CFDs held by the closing price then multiplied by the Financing Rate. The Financing Rate varies according to the market you traded. In this example the GBP financing rate is the Overnight Libor rate plus 2%			
The Next Day	Calculation	Account Display	
Since the Overnight LIBOR rate for GBP minus 2% is below 0%, there will be no financing benefit		Total Equity	A$10,000.00
Following a position movement overseas theUK100 Cash Index opened higher at 3903/3905 Your position is marked to market at 3907	Unrealised Profit: (3905-3851) x 10 =$540.00 =A$1,125.00 New Equity Balance: $10,000 + $1,125.00 =$11,125.00	Total Equity	A$11,125.00

Your open position will remain at the historical purchase price of 3851 This way you can keep track of your original purchase price at all times.	10 x 3905 x 1% = GBP390.50 This amount will be booked in your base currency at the time of the trade. Let say the rate was 0.4800. = A$813.54	New Margin Requirement	A$813.54
Free Equity is your Total Equity less your margin requirement	$11,125.00 - $813.54 = $10,311.46	Free Equity	A$10,311.46

Closing the Position	Calculation	Account Display	
You sell 10 UK100 Cash Index CFDs at 3794 market bid price	Value of the Contract 10 x 3794 = GBP37,940.00	Total Equity	A$9,987.89
You will pay no commission when you trade Index CFDs			
Realised Loss	(3794 -3853) x 10 =GBP590 = A$1,255.32 New Equity Balance: $9,987.89 - $1,255.32 =$8,732.57	Total Equity	A$ 8,732.57
Free Equity is your Total Equity less your margin requirement	$ 8,732.57- $0 = $ 8,732.57	Free Equity	A$ 8,732.57

In this example, you were wrong in predicting the UK100 Index will go up. After financing charges you would have made a A$1,266.53 loss.

14. SETTLEMENT OR CLOSURE OF A POSITION

As mentioned above, settlement will occur through the closing out of a Margin Contract or CFD Position, that is by taking an equal and opposite Position with us either by:

1. Single Position Closing

   A single open trade Position can be closed by choosing the close button when you execute the trade on line. This Contract will then be closed and offset by the opposite trade.

or;

2. Closing exposure by Hedging Opposite Positions

   You can choose to close exposure of a position by an opposite Position by offsetting the two trades. You can execute an opposite trade and both long and short positions will appear in your trade account. You can choose to close the trades at a later time when you prefer.

Any realised profits will be credited to your account on the day of settlement. Any realised losses must be paid by you to us within 24 hours of us advising you of the amount payable. But if we hold sufficient Margin from you, we may simply debit your account for the amount of the losses. We may set off amounts we owe you against amounts you owe us.

Under the terms and conditions of the Client Agreement your Positions close automatically on the fifth anniversary of the date the Margin Contract or CFD was entered into, and we are entitled to close your Positions in certain circumstances such as where there are abnormal trading conditions, you fail to provide Margin as required, or where we are legally required to do so.

15. SIGNIFICANT BENEFITS OF MARGIN CONTRACT AND CFD PRODUCTS

The use of our Margin Contracts and CFDs provide a number of benefits which must, of course, be weighed up against the risk of using them. Benefits include: -

15.1 Hedging

You can use our Margin FX Contracts to hedge foreign exchange exposures. As mentioned in section 6.2 above, our foreign exchange products provide foreign exchange risk management tools to enable those with foreign currency exposures to protect their business against adverse exchange rate movements, provide certainty of foreign exchange rates, exposures and cash flow certainty. Our Commodity CFD Contracts can also provide a hedge against rising or falling prices in asset prices.

15.2 Speculation

You can also use these financial products for speculation, or the view to profiting from exchange rate fluctuations and the rises and falls in the gold silver and oil prices.

15.3 Flexibility

The use of Margin FX and CFD's allows the option of going Long or Short in any contracts.

15.4 CFDs

Similar benefits may be obtained by hedgers and speculators by trading our CFDs.

15.5 Market Position

You can potentially profit (and lose) from both rising and falling markets depending on the strategy you have employed. Strategies may be complex and strategies will have different levels of risk associated with each strategy.

15.6 Leverage

The use of our financial products involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of premium or initial margin) to secure an exposure to the underlying currency. 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.

15.7 The Trading Platform

There are significant benefits associated with the use of our Trading Platform. These include:-

- the ability to trade in small amounts as little as 10 units of the Base Currency;
- the provision of access to foreign exchange, share, commodity and bullion markets at any time, with the exception that trading in various currency crosses may be restricted to hours where liquidity is available for a given currency cross;
- real-time streaming of quotes and the facility to check your accounts and positions in real time and 24 hours a day on any global market which is open for trading;
- competitive spreads, no commissions: you do not pay any commission in respect of the transactions you enter into with us other than share CFD's. We are a market maker, not a broker, and we generally make our money from the spreads that are embedded in the price of the instruments
- full control over your own account and positions.

16. SIGNIFICANT RISKS OF DEALING IN MARGIN CONTRACTS OR CFDS WITH ECN TRADE

16.1 Introduction

You should carefully consider whether dealing in Margin Contracts or CFDs is appropriate for you in the light of your financial circumstances. In deciding whether or not you wish to become involved in these transactions, you should be aware that these products are speculative in that they are highly leveraged and carry a significantly greater risk than non-geared investments. Consequently, you could lose large amounts of money and may sustain losses in excess of the moneys you initially deposited with us and also in excess of the Margin required to establish and maintain your Margin position.

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

The risks also include the following:

16.2 Loss of Moneys

You may incur losses to the extent of your total exposure to us and any additional fees and charges that you are liable to pay to us. These losses may be far greater than the money that you have deposited into your Account or are required to satisfy Margin requirements. In addition, you could be required to pay further funds that represent losses and other fees on your open and closed positions.

You should be aware that if you acquire a Margin Contract or CFD for other than proper hedging purposes you will be fully exposed to movements in the price of the Underlying Instrument.

The risk of loss will be increased where you borrow to acquire the product as the total loss which may be incurred will be the loss on the product together with the amount you borrowed and any associated borrowing costs.

16.3 Risk resulting from margin calls

The risks associated with the obligation to meet Margin Calls are described in section 9.9. If the Margin Contract or CFD price moves against your Margin FX Contract Position or CFD Position you may be required, at short notice, to deposit further moneys with us in order to satisfy your Total Margin Requirement and maintain your Position. The amount of the additional Margin may be substantial and failure to pay it promptly may result in:-

- some or all of your open Positions being closed or liquidated by us;
- you being prevented from opening new Positions or extending existing Positions; and
- you being liable for interest charges on negative or debit balances.

Further, any additional funds must become cleared before they will be taken as satisfying your Margin Call. In some circumstances, your position may be liquidated before you have an opportunity to deposit additional funds before any additional funds that you deposit in response to a Margin Call have had the opportunity to become Cleared Funds.

16.4 Derivative Markets

Derivative markets are speculative and volatile, as explained elsewhere in this PDS. Margin Contracts and CFDs are derivative instruments and can be highly volatile. Under certain market conditions, the price of contracts may not maintain the usual relationship with the Underlying Markets because of unforeseeable events or changes in conditions, none of which can be controlled by you. Please note; there is no trading in positions with ECN Trade when there is a trading halt in an Underlying Reference Instrument

The prices of Margin Contracts and CFDs will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and their prevailing psychological characteristic of the foreign exchange currency markets.

16.5 Dealing may be affected by factors in the Underlying Market

Our prices are derived from prices in the Underlying Market Under certain market conditions, it could become difficult or impossible for you to manage the risk of open Positions by entering into opposite Positions in another contract or closing existing Positions.

Sometimes markets move so quickly that gapping occurs. Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events. If gapping occurs in the Underlying Market, it will also occur in the price of the relevant CFD and may mean that you are unable to close-out your position or open a new position at the price at which you have placed your order or may have liked to place your order.

The Underlying Market may lack liquidity, caused by insufficient trading activity or because the aggregate of all requests for orders at a particular price determined by us exceeds the available volume in that market. This may affect our ability to offer Margin Contracts or CFDs in sufficient volume to allow you to close-out your Position or open a new Position.

As a result, a potentially profitable deal may not be executed, or it may not be possible to close-out a Position in a timely fashion at the price you require. This may lead to reduced profits and high losses.

We have the right to close your open Position, limit the size of your open Position or refuse orders to establish new Positions, by giving you notice orally or in writing. You should refer to clause 15.1 of the Client Agreement.

16.6 Your account will be maintained in the currency that you have nominated: that is, the Base Currency.

When you deal in a Margin Contract or CFD that is denominated in a currency other than the Base Currency, all initial and variation Margins, profits, losses, rollover fees, interest rate payments/receipts in relation to that product are calculated using the currency in which the product is denominated.

Accordingly, your profits or losses may be affected by fluctuations in the relevant Underlying Market price between the time the order is placed and the time the Position is closed, liquidated, offset or exercised.

Upon closing a Position that is denominated in a currency other than the Base Currency of your account you will be able to request that the foreign currency balance be converted to the Base Currency of your account. Any conversion will be at the exchange rate quoted by us and subject to the Conversion Fee (please refer to subsection 10.5 of this PDS). Until the foreign currency balance is converted to the Base Currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the Position.

16.7 Loss caused by spread

Because of the difference between the buying and selling price of a Margin Contract or CFD, the relevant price must move favourably before you can break even. In other words, even if the price does not move at all and you close-out your Position, you will make a loss to the extent of our spread and any other charges you have incurred to us.

Furthermore, the spread may be larger at the time you close out the Position than it was at the time you opened it.

You should also note that a “spread position”, that is, the holding of a bought contract for one specified date and a sold contract for another specified date, is not necessarily less risky than a simple “long” (ie bought) or “short” (ie sold) Position.

16.8 Counterparty risk

Hedging - You will be dealing with us as counterparty to every transaction and you will, therefore, have an exposure to us in relation to each transaction. This is common in all over-the-counter (OTC) financial market products.

As a consequence, you will be reliant on our ability to meet our counterparty obligations to you to settle the relevant contract. We may choose to limit this exposure by entering into opposite transactions as principal in the wholesale market in relation to our exposures with our clients. It is important to note, however, that we must strictly comply at all times with the financial requirements imposed under our AFS Licence.

ECN trade has risk management and compliance systems in place to manage its risks including but not limited to financial, operational and credit risks. Funds are held with reputable financial institutions. ECN Trade has policies around monitoring client positions, margin calls and liquidations. also monitors market risk on a daily basis against set limits.

The steps that are taken to ensure this include:

- Performing a daily adjusted surplus liquid funds calculation, ensuring that we meet the minimum liquid capital requirement set by ASIC; and
- Performing a daily client cash segregation calculation, ensuring that we hold adequate cash in our client trust account in order to meet our obligations to the client. All client cash is maintained in fully segregated trust accounts separate to ECN trade's operating account.

ECN Trade has hedging agreements with third party counter parties. To both yourself and ECN Trade Pty Ltd, this is a counterparty risk therefore before entering a relationship with a new hedging counterparty ECN Trade undertakes a due diligence process. This process will include a review of a number of key factors that relate to the risk of dealing with the counterparty. These include

- the counterparty’s credit rating, reputation, market presence, funding arrangements, stock availability, trading platforms, reporting processes and fees and charges;
- the enforcement of leverage limits based on the account equity of the client and the instruments being traded;
- the enforcement of market risk limits on the net exposure and daily loss limits of ECN Trade;
- the selection and maintenance of hedge counterparty relationships based on, amongst other things, their financial capacity and resilience.
- whether the funds placed by ECN Trade as collateral are subject to Segregation;
- the counterparties’ financial strength and stability based on its credit rating and that of its parent (if any);
- the services it provides and the strength of its operational controls and systems.

Details regarding our hedging policy are also in the risks section of our website.

Financial Resources - ECN Trade maintains an ongoing policy with regard to the management and ongoing monitoring of its financial resources. ECN Trade conducts annual AFSL audits which are available free of charge from ECN Trade by calling 1300 733452 or email: support@ecntrade.com.au

This policy addresses the following matters, amongst other things:

- •the methodology employed by ECN Trade to measure and assess its regulatory financial requirements under its Australian Financial Services License;
- •linkages between the budgetary planning process and the financial requirements;
- •scenarios used to forecast the cash resources available to ECN Trade to meet its financial requirements; and
- •roles and responsibilities for measuring and monitoring the financial condition against the requirements.

To mitigate the risks of failing to satisfy the financial requirements under its license and to provide assurance that ECN Trade has sufficient financial resources at all times, the firm:

- •has established an internal requirement to maintain a capital buffer over and above the external regulatory requirement;
- •measures and monitors the internal buffer and the external financial requirements against the firm's actual financial condition on a daily basis; and
- •subjects the firm's financial condition to quarterly scenario tests to assess compliance with the regulatory capital requirements and its ongoing financial needs under stressed conditions

You should also refer to section 26 of this PDS where there is a discussion about our conflicts of interest. These conflicts arise because we are the issuer of the products to you, and we have, therefore, an economic interest in the price at which you deal and the subsequent movement in the price.

16.9 Not a regulated market

As pointed out above, we are the market maker and contracts entered into with us are not traded on a licensed market. Accordingly, the protections associated with licensed markets are not available to individuals, corporations or other entities trading in our products.

16.10 Regulatory changes

Changes in taxation and other laws, government fiscal, monetary and regulatory policies may have a material adverse effect in your dealings in contracts with us.

16.11 Systems risk

We outsource the operation of our online Trading Platform for dealings in Margin Contracts and CFDs to a third party. Accordingly, we rely upon this third party to ensure the systems are updated and maintained. But, there are operational risks associated with any trading platform and any disruption may mean that you will be unable to trade in the product with us when desired. Accordingly, you may suffer a loss as a result caused by a delay in our operational processes such as communications, computers, computer networks, software or external events that cause delays in the execution and settlement of a transaction. We do not accept or bear any liability whatsoever in relation to the operation of the Trading Platform, except to the extent that it is caused by fraud or dishonesty on our part or on the part of our employees, agents or representatives.

Finally, we reserve the right in unforeseen and extreme market situations to suspend the operation of our Trading Platform or any part or section of it. In such an event, we may, at our sole discretion, and under the Client Agreement, with our without notice, close-out your open contracts at prices we consider fair and reasonable at such time.

16.12 Changes in Margin Percentage

We may under clauses 11.3 and 28.2 of the Client Agreement exercise our right to alter the Margin Percentage in relation to any of our CFDs at any time at its discretion. Notification of this alteration can be given to you either orally or in writing. The alteration will take immediate effect over the affected open positions. This change will affect your Margin Requirement.

You should refer to section 9.15 of this PDS for further information.

17. DEALING WITH YOUR MONEY

17.1 Segregated Account

Any money that you deposit with us will be segregated and held and invested in accordance with the Australian Client Money Rules.

We do not use client money for the purpose of meeting obligations incurred by us when hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by ECN Trade from our operating cash account. In addition, client money is not used to meet the trading obligations of other clients. However, we are entitled, amongst other things, to:

- withdraw, deduct or apply any amounts payable by you to us and/or any associate of ours under the Client Agreement from your moneys held in any segregated account or invested by us including, without limitation making a payment for, or in connection with the deposits, instalments adjusting or setting of dealings in our products entered into by you or the payment of charges or interest to us, with all such amounts belonging to us under the Client Agreement,
- pay, withdraw, deduct or apply any amounts from your moneys held in any segregated account or invested by us as permitted by the Australian Client Money Rules; and

Your moneys may be co-mingled into one or more segregated accounts with our other customers' moneys.

We are also obliged to deposit any moneys due to you in relation to dealings in our products and we must deposit them into a segregated account. Those obligations to you under the Client Agreement and our products are unsecured obligations, meaning that you are an unsecured creditor of us.

17.2 Protection afforded by the Australian Client Money Rules

Under the Australian Client Money Rules, we must hold your moneys on a named trust account.

Furthermore, the Australian Client Money Rules provide that in the event that we lose our Australian Financial Services Licence, become insolvent, merge with another licensee or cease to carry on some or all of the activities authorised by the licence, customer money held by us or an investment of customer money, will be dealt with as follows:

- money in the segregated account is held in trust for the persons entitled to it, and is paid in the order set out below in the third bullet point below;
- if money in the segregated account is invested, the investment is likewise held in trust for each person entitled to money in the account;
- the money in the account is to be paid in the following order:
  - money that has been paid into the account in error;
  - the next payment is payment to each person who is entitled to be paid money from the account;
  - if the money in the account is not sufficient to be paid in accordance with the above paragraphs, the money in the account must be paid in proportion to the amount of each person's entitlement; and
  - if there is any money remaining in the account after payments made in accordance with the above paragraphs, the remaining money is payable to us.

These rules override anything to the contrary in the Australian *Bankruptcy Act 1966*, in the *Corporations Act* or other law, in the Client Agreement.

17.3 Warning about segregated accounts

It is important to note that our holding your moneys in one or more segregated accounts may not afford you absolute protection.

The purpose of segregated accounts is to segregate our customers' money, including your moneys, from our own funds. However, individual customer's money is co-mingled into one or more segregated customer accounts.

Furthermore, segregated accounts may not protect your moneys from a default in the segregated customer accounts. However, it is our policy to top-up a segregated account from our own funds where there is a deficit in that account due to the default of a customer.

Should there be a deficit in the segregated accounts and in the unlikely event that we become insolvent before the topping up of the segregated accounts in deficit, you will be an unsecured creditor in relation to the balance of the moneys owing to you.

17.4 What is an unsecured creditor?

In the event that you become an unsecured creditor of us, you will need to lodge a proof of debt with the liquidator for the amount of moneys that are owing to you as evidenced by your account statements. The liquidator then assesses all proofs of debts to determine which creditors are able to share in the assets of the company, and to what extend depending on the amounts owing to them and any priority they may have to be paid.

18. DEFAULT POWERS

We have extensive powers under the Client Agreement to take action in a range of "default event" situations to protect our position. These include, for example, where you fail to make a payment or perform your obligations, where you become bankrupt or insolvent or where we have been unable to contact you for urgent instructions. Our powers enable us to terminate or close-out positions, enforce securities we hold and set off payments, amongst others.

Further, if your unrealised loss in relation to any Margin FX Contract Positions, CFD Position exceeds 50% of the initial margin we hold for the Position, we are entitled to close-out the Position without further instruction from you.

19. CLIENT AGREEMENT

In order to open an account, you are required to sign the Application Form, under which you agree to be bound by the Client Agreement which contains the terms and conditions which govern our relationship with you.

You consider seeking independent legal advice before entering into the Client Agreement, as the terms and conditions detailed in it are important and affect your dealings with us.

The following are key terms and conditions in the Client Agreement, many of which have been referred to in this PDS.

- Client representations and warranties
- Margin and Premium
- Client obligations regarding confirmations (discrepancies)
- Our rights following a default event (see below)
- Indemnity in favour of us
- Fees and charges
- Restrictions on assignment of agreement
- Telephone recordings
- Governing law (New South Wales).

20. DISCRETIONS

We may exercise a variety of discretions in respect of your trading in financial products. In exercising such discretions, we will have due regard to our commercial objectives, which will include:

- maintaining our reputation as a product issuer;
- responding to competitive market forces;
- managing all forms of risk including, but not limited to, operational risk and market risk; and
- complying with our legal obligations as a holder of an Australian financial services license.

21. LIMITATIONS ON LIABILITY

If you fail to pay or provide security for amounts payable to us, or fail to perform any obligation under your contracts, we have extensive powers under the Client Agreement with you to take steps to protect our position including, for example, power to close-out positions and to charge default interest. Under the Client Agreement, you also indemnify us for certain losses and liabilities. Further, our liability to you is expressly limited. You should read the contract carefully to understand these matters.

22. TAXATION CONSIDERATIONS

This section contains a summary of the Australian taxation implications for Australian residents dealing in Margin Contracts and CFDs, and is based on Australian taxation laws as at the date of this PDS. It is provided for guidance only.

This is general information only – You must seek independent taxation information

Australian residents and non-Australian residents should, therefore, seek professional taxation advice that is based on their individual circumstances and in the case of non-residents the taxation laws of both Australia and their country of taxation.

22.1 Taxation Ruling: Contracts for Difference

The approach of the Commissioner of Taxation to the income tax and capital gains tax consequences of dealing in financial contracts for difference, such as CFDs, is reflected in Taxation Ruling 2005/15. We set out a summary of that ruling below. Furthermore, we believe it is prudent to seek independent advice to the relevance to the income tax treatment of Margin FX and Margin Commodity Contracts

A copy of Taxation Ruling 2005/15 is available at www.ato.gov.au.

It is the Commissioner's view that any gain a taxpayer makes from dealing in a CFD will be assessable income under section 6-5 of the Income Tax Assessment Act 1997 (ITAA 1997), while any loss it makes from dealing in CFD will be an allowable deduction under section 8-1 of ITAA 1997 provided that:-

- the CFD transaction is entered into as an ordinary part of carrying on a business; or
- the profit is made, or the loss is incurred, as a consequence of a business operation or commercial transaction entered into for the purpose of profit-making.

A gain from dealing in a CFD will also be assessable income under section 15-15 of ITAA 1997 where a taxpayer is carrying on, or has carried out, a profit-making undertaking or scheme, and the gain from it is not assessable under 6-5 of ITAA 1997. Correspondingly, a loss from dealing in a CFD where the gain would have been assessable under section 15-15 of ITAA 1997 is an allowable deduction under section 25-40 of ITAA 1997.

A gain or a loss from a CFD entered into for the purposes of recreation by gambling will not be assessable under either section 6-5 or 15-15 of ITAA 1997, or deductible under section 8-1 or 25-40 of that Act.

The Commissioner is also of the view that a capital gain or a capital loss from a CFD entered into for the purpose of recreation by gambling will be disregarded under paragraph 118-37 (1)(c) of ITAA 1997.

22.2 Additional matters not covered by the Ruling

The following matters are also relevant when dealing in CFDs.

Capital Gains Tax

A CFD is a CGT asset under section 108-5 of ITAA 1997. On the maturity or closing-out of a CFD, CGT Event C2 happens (section 104-25 of 1997). However, to the extent that a gain from dealing in a CFD as a result of a CGT Event is assessable under section 6-5 or 15-15 of ITAA 1997, a capital gain arising from the event is reduced (section 118-20 of ITAA 1997). To the extent that a loss made from dealing in a CFD is deductible under sections 8-1 or 25-40 of ITAA 1997, the reduced cost base of the asset is reduced, thereby reducing the amount of the capital loss (subsection 110-55(4) of ITAA 1997).

Finally, in calculating any capital gain or loss, a taxpayer is entitled to take into account the cost of acquiring, holding and disposing of the CFD.

Interest

Any interest received in relation to a CFD is assessable income.

Interest on debit balances

Any interest on the debit balance of an investor's account is deductible.

Interest paid or received due to holding a CFD

Interest which is paid or received due to holding a CFD forms part of any net gain or loss that a taxpayer makes when dealing in CFDs.

22.3 The income tax treatment of Margin FX Contracts

It is significant that Income Tax Ruling 2005/15 did not refer specifically to Margin FX Contracts.

Margin FX Contracts take the same legal form as currency CFDs. It should, therefore, be reasonably expected that the taxation implications of dealing in both instruments, will be identical and will be treated accordingly by the Commissioner. However, it may well be that he will adopt the view that currency CFDs fall under Division 775 of ITAA 1997, because not only is the physical currency caught, but also a right to receive foreign currency, with an extended definition which would appear to include cash-settled margin foreign exchange contracts. It should, however, be noted that the tax treatment would appear to be the same whether a Margin FX Contract falls for treatment under the above Ruling or under Division 775; that is they are treated on revenue account.

It is problematic whether the entry into a Margin FX Contract could ever be regarded as an exercise in recreation by gambling.

22.4 Taxation of Financial Arrangements

In March 2009, the Federal Parliament passed the Tax Laws Amendment (Taxation of Financial Arrangements) Act ("the legislation"). This legislation provides a framework for the taxation of gains and losses from certain financial arrangements. Gains from the financial arrangements are assessable and losses are deductible.

The legislation generally applies to all "financial arrangements" as defined in subdivision 230-A or included by the additional operation of subdivision 230-J. However, certain financial arrangements, as detailed below are effectively subject to an exemption under subdivision 230-H.

Division 230 of the legislation provides a range of elective methods for determining gains and losses; namely the fair value method, the retranslation method, the hedging method and the financial reports method. Where these selective methods are not, or cannot be made, the appropriate treatment is either the accruals or realisation method.

Relevantly, the legislation does not apply to:-

- financial arrangements of individuals;
- financial arrangements of superannuation funds (regulated and self-managed), approved deposit funds, pooled superannuation funds or managed investment schemes for the purposes of the Corporations Act 2001 where the value of the entity's assets is less than $1 million;
- financial arrangements of authorised deposit-taking institutions, securitisation vehicles and financial sector entities with an aggregated annual turnover of less than $20 million per year; or
- financial arrangements of other entities:-
- with an aggregated annual turnover of less than $100 million – where the value of the entity's financial assets are less than $100 million; and
- where the value of the entity's assets is less than $300 million;
- except where the taxpayer elects to have division 30 of the legislation apply to all of its financial arrangements.
- The legislation will apply to income years commencing on or after 1 July 2010, unless a taxpayer elects to apply them to income years commencing on or after 1 July 2009.
- It will be appreciated that the legislation will have limited application to investors in CFDs and Margin Contracts. However, there may be special circumstances where it may be beneficial for you to elect to apply division 30 to your financial arrangements.
- You should, therefore, seek independent tax advice on how the legislation will apply to you.

22.5 Goods and Services Tax (GST) Ruling

The Commissioner has also released a determination relating to the GST implications of trading in CFDs: GST Determination GSTD 2005/3.

The Commissioner has stated that the costs incurred in having a CFD position open, such as commissions (on both opening and closing), dividend and corporate event adjustments, Daily Funding Charges and Margins are all considered financial supplies under the A New Tax System (Goods and Services Tax) Act 1999 ("the GST Act"). Consequently, they are input credit taxed and no GST is payable on their supply.

23. COOLING-OFF ARRANGEMENTS

There are no cooling-off arrangements for financial products. This means that when we arrange for the execution of a contract, you do not have the right to return the product, nor request a refund of the money paid to acquire the product. You are bound by the terms of a contract, when you enter into it, despite the fact that settlement may occur at a later date.

24. SECURITY

Please note that in accordance with clause 8.1 of the Client Agreement, and in addition to Margin, you must pay to us such sums of money as we may from time to time require as security for your obligations to us.

25. SUPERANNUATION FUNDS

Complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities. These are contained in the Superannuation Industry Supervision Act 1993, the regulations made under that Act, and circulars issued by past and present regulators of superannuation funds, namely the insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office.

Some of the issues that should be considered by a trustee of a complying superannuation fund before entering into our financial products include:

- prohibitions on borrowing and charging assets and whether dealing in financial products would breach those borrowing and charging prohibitions;
- the dealing in financial products in the context of a complying superannuation fund's investment strategy, together with the fiduciary duties and other obligations owed by trustees of those funds;
- the necessity for trustees of a complying superannuation fund to be familiar with the risk involved in dealing in financial products and the need to have in place adequate risk management procedures to manage the risks associated in dealing In those products; and
- the consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to have complying status.

26. DISCLOSURE OF ANY RELEVANT CONFLICTS OF INTEREST

We do not have any relationships or associations which might influence us in providing you with our services. However, we may share fees and charges with associates or other third parties or receive remunerations from them with respect to your dealings with us.

We will always act as principal for our own benefit in respect of all transactions with you. This means that we, our associates or other persons connected with us may have an interest, relationship or arrangement that is material in relation to any Margin Contract or entered into with us, or advice provided by us.

We repeat that we a market maker, not a broker. Accordingly, you will be trading financial products directly with us, and not on any financial market. As a market maker, we set the prices that refer to, but may not always be the same as, those in the Underlying Market. We will always act as a principal, not as an agent, for our own benefit, in respect of all transactions with you.

27. REMUNERATION AND OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

Our employees who provide you with advice or transaction execution may receive remuneration for the provision of these services. Our employees also receive salaries, performance-related bonuses and other benefits.

28. CLIENTS MAY BE TREATED DIFFERENTLY

We, in our absolute discretion may quote different prices, and charge Rollover Charges and other charges at different rates, to different clients.

29. SHARING OF COMMISSIONS AND OTHER AMOUNTS

We may share charges or benefits with our associates or other third parties or receive remuneration from them in respect of transactions we enter into with you. We may share such amounts with introducing advisers and referrers for the introduction or referral of clients to us.

30. REFERRAL BENEFITS FOR OTHER SERVICES PROVIDERS

You may have been referred to us by a service provider who may receive financial or non-financial benefits from us. These should have been disclosed to you by the services provider in question. Please note that such benefits will not impact transaction fees, the rate you will be offered or deposits or instalments payable for financial products or services undertaken with us.

31. MAKING A COMPLAINT

We have an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the Complaints Officer (by telephone, facsimile or letter) at the address and telephone/fax numbers provided in this PDS. We will investigate your complaint and provide you with our decision and the reasons on which it is based, in writing. We will seek to resolve your complaint within 14 days.

If you are dissatisfied with the outcome, you have the right to lodge a complaint with the **Australian Finacical Complaints Auithority (AFCA)**, an approved external dispute resolution scheme, of which we are a member, using the contact details below. **You may also make a complaint via the ASIC free call Info line on 1300 300 630**.

You can contact AFCA by any of the means listed below:

In writing to: AFCA
GPO Box 3

	Melbourne VIC 3001
Telephone:	Free call 1300 780 808
Facsimile:	+613 9613 6399
Email:	info@AFCA.org.au
Website:	www.AFCA.org.au

32. OUR PRIVACY POLICY

We are committed to protecting your privacy. The information you provide to us and any other information provided by you in connection with your transactions will primarily be used for the processing of your application and for complying with certain laws and regulations. We have systems and processes in place which safeguard against the unauthorised use or disclosure of your personal information. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Please contact us at if you have any concerns of if you would like to see a copy of our privacy statement.

33. RECORDING OF TELEPHONE CALLS

As a matter of common industry practice, we may electronically record your telephone discussions with us. When you open an account with us, you give us consent to make such recordings, with or without an automatic tone warning device, and to use recordings or transcripts from such recordings for any purpose, including, but not limited to, their use as evidence by either you or us in any dispute.

34. INTERPRETATION AND GLOSSARY

Interpretation

1. The defined terms used in this PDS are capitalised and set out in this Schedule.
2. If there is any conflict between the terms of this PDS and any Applicable Law, the Applicable Law will prevail provided that any Applicable Law relating to the provision of Margin demands will not apply.
3. In this PDS any reference to a person includes bodies corporate, unincorporated associations, partnerships and individuals.
4. In this PDS, all references to times of the day are to the time in Sydney, New South Wales, Australia, unless otherwise specified.
5. Headings, notes and examples in this PDS are for reference only and do not affect the construction of the Agreement.
6. In this PDS any reference to any enactment includes references to any statutory modification or re-enactment of such enactment or to any regulation or order made under such enactment (or under such a modification or re-enactment).

Glossary

In this PDS the following terms and expressions have, unless the context otherwise requires, the following meanings:

ACCOUNT	means an account you have with us;
AEST	means the time in Sydney, New South Wales, Australia.
CLIENT AGREEMENT	means the client agreement, as amended, varied, or replaced from time to time;
AML/CTF ACT	means the Anti-Money Laundering and Counter-Terrorism Financing Act and all regulations, rules and instruments made under that Act;
APPLICATION FORM	means the application form and account opening documentation, including documentation required to be returned for the purposes of complying with Anti-Money Laundering and Counter-Terrorism Financing legislation, completed by you and submitted to us whether electronically or in hard copy;
ASIC	means the Australian Securities and Investment Commission;

AUD OR $ Australian dollars

AUSTRALIAN CLIENT a client who is a resident within Australia (based on the address in their Application Form or as notified by the Client to us from time to time).

AUSTRALIAN CLIENT MONEY RULES means the provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client moneys and property as modified by ASIC for ECN Trade;

ECN TRADE EXCHANGE RATE the foreign exchange rate as we may reasonably determine from time to time having regard to current market rates and which is available to the client from us on request. This rate may be different to the price quoted by us for a Margin FX Contract.

ECN TRADE PRODUCT SCHEDULE the list of Margin Contracts and CFDs which we hold ourself out from time to time as willing to quote a price, as amended by us from time to time. The Product Schedule is available at www.ecntrade.com.au

ECN TRADE ROLLOVER RATE the rate as we may determine from time to time having regard to Interbank Rates for rollovers.

ECN TRADE SPREAD means the difference between the bid and offer prices of a Contract quoted from time to time by us and; where appropriate; expressed as a percentage of the relevant price.

BASE CURRENCY means the currency selected by you under the Client Agreement and which, in the absence of a selection will be AUD dollars;

BULLION CFDS A CFD whose value fluctuates by reference to the fluctuations in the Underlying Instrument which relate to gold or silver.

BUSINESS DAY means:

(a) in relation to services other than CFDs on a Security, [Basket] or Index, any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney, New South Wales, Australia; and

(b) in the case of services relating to CFDs on a Security, [Basket] or Index to which Limited Hours Trading applies, any day on which the exchange on which the relevant Security or each constituent Security has its primary listing, or the exchange on which the Index operates, whichever is applicable, is open for trading, and will exclude any day on which all trading on the relevant exchange is closed or suspended;

(c) in the case of services relating to CFDs on a Security, Basket or Index to which Limited Hours Trading does not apply, any day on which any relevant exchange is open for trading.

CASH DIVIDEND the cash dividend or distribution declared and does not include any Franking Credits attached to a dividend or distribution.

CFDS the contracts for difference that we offer to its clients from time to time under this PDS and the terms and conditions of the Client Agreement .

CLEARED FUNDS funds that have been deposited with ECN Trade and are immediately available to us.

CLOSING PRICE means the price determined by us, from time to time, having regard to the last traded or mid close price and our Spread as may be appropriate for the Underlying Instrument;

COMMODITY CFDS a CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument relating to oil or gas;

COMMODITY ROLLOVER PRICE	has the meaning given to that term in section 10.2.
CONTRACT	means any contract, whether oral or written, including any derivative, future, contract for difference or other transaction relating to such financial products entered into by us with the Client or any back to back agreement which we enter into to enable us to enter into or fulfil our obligations under any such contract.
CORPORATE ACTION	includes, but is not limited to bonus issues, reconstructions, rights issues and stock splits in respect of an Underlying Instrument.
CURRENCY LEDGER BALANCE	Upon realising your profit and loss for a Margin Contract or CFD Position denominated in a foreign currency you will hold a foreign currency balance in your Account that can be converted back to your Base Currency upon request (and which may be converted back to your Base Currency by us in certain circumstances as described in section 10.5).
CONTRACT PRICE	means the price we offer you to trade in our financial products from time to time and which is calculated by us according to the Client Agreement;
CORPORATIONS ACT	means the *Corporations Act 2001* of the Commonwealth of Australia;
ELECTRONIC SERVICE	means a service provided by us, for example an internet trading service offering clients access to information and trading facilities, via an internet service, a WAP service and/or an electronic order routing system and including relevant software provided by us to enable you to use an electronic trading service;.
EXCEPTIONAL MARKET CONDITIONS	means an exceptional market condition as we may in our reasonable opinion determine exists, including but not limited to, a Force Majeure Event;
EXPIRY DATE	the day on which the Margin Contract or CFD expires;
EVENT OF DEFAULT	means an event happening on a Specified Event;
FINANCING BENEFIT	the amount that you receive on Share, Index [and Sector] CFD positions that remain open overnight, calculated using the Financing Rate.
FINANCING CHARGE	the amount that you pay on Share, Index [and Sector] CFD positions that remain open overnight, calculated using the Financing Rate.
FINANCING RATE	our rate at which you pay or receive interest on Share, Index [and Sector] CFD positions that remain open overnight, based on the Relevant Interest Rate plus or minus the interest percentages outlined in the table in section 10.4of this PDS.
FORCE MAJEURE EVENT	has the meaning given to it in clause 23 of the Client Agreement;
FOREIGN CLIENT	a Client who is a resident outside Australia (based on the address in their Application Form or as notified by the Client to ECN Trade from time to time).
AFCA	the Financial Ombudsman Scheme.
FREE EQUITY	is your Total Equity less your Margin Requirement;
FSG	means our relevant financial services guide, including a supplementary and replacement financial services guide;
GAPPING	Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events.

GROSSED-UP DIVIDEND	The grossed-up amount of the dividend is the sum of the Cash Dividend plus any Franking Credit attached to the Cash Dividend that a person who owns the Underlying Instrument is entitled to.
INDEX CFDS	A CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which will relate to a share index.
INDEX FUTURES CFDS	A CFD whose value fluctuates by reference to the fluctuations in the value of an Underlying Instrument, which is an Equity Index Futures Contract.
INTERBANK RATE	the mid interbank rate calculated by us with reference to the bid and offer prices for the Underlying Instrument most recently quoted by any one or more third party banks;
INTEREST QUALIFICATION LEVEL	means the interest qualification level as specified in section 2 of this PDS;
LIMIT ORDER	has the meaning described in clause 12.3 of this PDS;
LIQUIDATION LEVEL	The minimum Total Equity balance specified at section 9.22of this PDS.
LONG PARTY	means, in relation to a Margin Contract or CFD, the party that has notionally bought the relevant Underlying Instrument;
MARGIN	means the amount that you must have in your Account to enter into a Margin Contract with us;
MARGIN ADJUSTMENT	means an adjustment to the amount of Margin you need to have in your Account to maintain a Position, due to us changing the Margin Percentage or making a variation of margin or Margin Call;
MARGIN CALL	a call on you normally made via the Trading Platform, requiring you to top up the amount of money you have in your Account as Margin in order to maintain your Margin Percentage where the market has moved against you, and where the additional payment is required in order to maintain your open Positions;
MARGIN COMMODITY CONTRACT	means a contract between you and us for the taking of Positions in commodities (gold, silver, oil and such other commodities (excluding foreign exchange) offered by us under the PDS from time to time) and includes an Oil Contract;
MARGIN CONTRACT	means any contract, whether oral or written or concluded electronically entered into between you and us and includes Margin FX Contracts, CFD’s and Margin Commodity Contracts;
MARGIN FX CONTRACT	means a contract between you and us for the taking of spot or forward Positions in a foreign currency as described in clause 7 of this PDS;
MARGIN PERCENTAGE	means, such percentage of the Contract Value as specified by us as described in the current PDS, and as amended by us under the Client Agreement from time to time;
MARGIN REQUIREMENT	is the amount of Margin you are required to have in your Account from time to time in order to enter into a Margin Contract or CFD, or to maintain your Position/s;
MINIMUM TOTAL EQUITY BALANCE	means such minimum Total Equity balance in your Account (as amended from time to time) described in paragraph 18.3 of this PDS;
MINIMUM TRADING SIZE	means such minimum contract quantity or contract value as we may specify on our website from time to time for any type of Margin Contract or CFD;
MARKET ORDER	an order placed to buy or sell a CFD at our current price.

MID PRICE	the price at the mid point between our bid and offer prices.
MINIMUM POINT INCREMENT	Represents the minimum possible price change between two successive transaction prices permitted by us. The Minimum Point Increment can represent either an upward or downward movement in price.
NEXT SERIAL CFD CONTRACT	a contract of the same type as the relevant CFD Contract, but with the expiry date being the next occurring expiry date;
NORMAL TRADING SIZE	means the minimum and maximum contract quantity or contract value that we reasonably consider appropriate, having regard if appropriate, to the normal market size for which prices are available on any relevant exchange and for which we quote live price information;
PDS	means our product disclosure statement, including a supplementary and replacement product disclosure statement;
POSITION	means the long or short position you have taken in your Margin Contract with us;
RELEVANT INTEREST RATE	Means such applicable interest rate as we may reasonably select from time to time which is appropriate to the currency of the outstanding amount or the Underlying Instruments (as applicable) as detailed on the daily statement, and are also available from us upon request, as set out in section 10.6.
RELATED BODY CORPORATE	has the meaning given to it by the Corporations Act, with any necessary modifications for companies incorporated outside Australia;
ROLLOVER RATE	means the rate determined by us, from time to time, regarding Interbank Rates for rollovers;
ROLLOVER BENEFIT	means a benefit you may receive on short Margin FX Contracts and Margin Commodity Contracts held overnight and which is described in section 10.2 of this PDS;
ROLLOVER CHARGE	means a charge you may have to pay where you have a long FX Position held overnight and which is described in section 10.2 of this PDS;
SHARE CFDS	A CFD whose value fluctuates by reference to the fluctuations in the value of a security of a company that issues the shares.
SHORT PARTY	In relation to a Margin Contract or CFD, the party that has sold a Margin Contract or CFD in opening a Margin Contract or CFD position.
SHORT PARTY	means, in relation to a Margin Contract or CFD, the party that has notionally sold the relevant Underlying Instrument;
SPREAD	means the difference in the bid and offer prices of a Margin Contract or CFD quoted from time to time by us and, where appropriate, expressed as a percentage of the relevant price;
STOP LOSS ORDER	as described in paragraph 10.1 of this PDS;
TOTAL EQUITY	means the aggregate of the current cash balance in your Account and your current unrealised profits and losses;
TRADING PLATFORM	means the Trading Platform in the Electronic Service we make available to you by which you may trade with us online in our Margin FX Contracts and Margin Commodity Contracts;
TOTAL MARGIN REQUIREMENT	means the sum of your Margin Requirements for all of your open Positions;
UNDERLYING ENTITY	an entity that is the issuer of an Underlying Instrument.
UNDERLYING INSTRUMENT	means the underlying asset, security, commodity, futures contract, index [or sector], the reference to which the value of a Margin Contract or CFD is determined;

UNDERLYING MARKET means the underlying market in which the Underlying Instrument is traded.

WE/US means ECN Trade Pty Ltd (ACN 127631145);