



**MARGIN FOREIGN EXCHANGE,
BULLION & CFDs
Product Disclosure Statement
Customer Agreement**

City Index Australia Pty Ltd

ACN 141 774 727

AFSL 345646

Date of Issue 25 June, 2010

Important notice

City Index Australia Pty Ltd is the issuer of this Product Disclosure Statement (**PDS**) dated 25 June, 2010. This PDS replaces all previous versions and should be reviewed in its entirety including Section 1 on Risks. Where City Index produces this document in a foreign language the English version shall prevail.

In accordance with the Customer Agreement, this document may have been made available on our website.

Before dealing in City Index Products you should consider whether they are appropriate based on your investment needs, financial circumstances and trading experience. It is important for you to consider the PDS in deciding whether to acquire, or to continue to hold, the products.

City Index Products are leveraged and speculative and are not suitable for all investors. The prices of City Index Products and the underlying currencies or instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled.

You will deal in all City Index Products on margin. Accordingly, you are advised that:

- by participating you will be required to pay margins to City Index;
- You may be required, at short notice, to deposit money as margin in order to maintain positions; and
- the relatively low margin requirements permit a high degree of leverage. Accordingly, a relatively small price movement in a City Index Product may result in an immediate and substantial loss to you and a loss in excess of the amount invested.

You must also read the Customer Agreement and complete an Application Form and be approved by City Index.

The Application Form requires you to disclose personal information. You should refer to the Privacy Statement in Section 13 which explains how City Index collects personal information and then maintains uses and discloses that information.

Updating this PDS

Information in this PDS may be updated from time to time where that information is not materially adverse to customers. City Index may be required to issue a supplementary PDS as a result of certain changes, in particular where the changes are materially adverse from the point of view of a reasonable person deciding as a retail client whether to open a trading account or invest in City Index Products.

This PDS, amendments and any supplementary PDS is available from our website at www.cityindexasia.com and a paper copy will be made available upon request by contacting 1800 139 103.

About this Product Disclosure Statement

Representations

City Index Products are offered on and from the date of this document solely on the basis of the Customer Agreement and the Fees & Charges set out in Section 10 or as modified from time to time. No other information or representation is authorised nor is any person authorised by City Index to give any information to Clients or to make any representation.

Financial amounts

The financial amounts in this PDS are expressed in Australian Dollars unless otherwise stated.

General Advice Warning

City Index will not give you Personal Advice. This Product Disclosure Statement does not constitute a recommendation or opinion that City Index's Products are appropriate for you.

Accordingly, before applying to deal in City Index Products, you must consider your objectives, financial situation and needs and the significant risks of loss which accompany the prospects of profit.

City Index recommends obtaining independent advice concerning this Product Disclosure Statement and the Customer Agreement.

Australian Investments & Securities Commission (ASIC) and this Product Disclosure Statement

ASIC's role in authorising City Index is limited and does not imply approval or endorsement of the business, trading or solvency of City Index.

The ASIC has not approved this, the Customer Agreement or any other document.

Underlying Instruments

References in this PDS or in the ITP to any product traded on any exchange on which a City Index Product is based are included solely for the purposes of identification of the Underlying Instruments to which those City Index Products relate. Such references are not to be construed as an express or implied endorsement by the exchange or other entity of the City Index Products. Nor does any such company or other entity accept any responsibility for any statement in this PDS or undertake any liability in respect of the City Index Products. Those other entities are not involved in the issue of the City Index Products and have not been party to the preparation of this PDS or furnished any information specifically to City Index for the purpose of its preparation.

Furthermore, City Index has no affiliation with such companies and other entities and has no access to information concerning those companies and other entities, other than that which is in the public domain. City Index does not, therefore, accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to the accuracy or completeness of such information. You should make your own enquiries.

Use of examples in this Product Disclosure Statement

Examples stated in this PDS are provided only for illustrative purposes. The examples use figures which attempt to demonstrate how City Index Products and their requirements work. The figures do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which City Index may exercise its powers or discretion.

The examples do not constitute personal advice to any person reading this PDS.

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 offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

If you are dealing with City Index and are not an Australian resident for tax purposes, you should note:

- the law governing your dealings with City Index is the law of Australia;
- your rights against City Index are restricted as set out in the Customer Agreement;
- times are Australian Eastern Standard, unless stated otherwise.

Summary of Rates & Charges

This Section is a summary of Rates & Charges only. Please refer to Section 10 for details.

Transaction Fees

City Index does **not** charge transaction fees on Foreign Exchange, Bullion or Index CFD's.

Exchange Fees

You may be liable to pay an exchange fee. The exchange fee covers fees that City Index must pay to a Stock Exchange for use of real-time prices in the ITP software.

Daily Financing Fees

If you are the Long Party overnight in an Index CFD you pay a Daily Financing Fee.

If you are the Short Party overnight in an Index CFD you may be paid a Daily Financing Fee.

The Daily Financing Fee is determined by adding or subtracting the Financing Spread from the Reference Interest Rate.

The Financing Spreads are set out in Section 10.5.

How is the Daily Financing Fee charged?

The Daily Financing Fee is charged or paid to Client accounts at the close of business daily. The Daily Financing Fee is calculated in the currency in which the instrument is denominated and then converted to and charged or paid in the client's Base Currency.

Bid Offer Spread and Minimum Tick Value

Because of the difference between the buying and selling price of a product, the

relevant price must move favorably before you can break even.

The value of the difference between the bid and offer depends on the tick value which varies between products and on the minimum contract size for each product. Refer to the tables in Section 10.

FX Rollovers

If you are the Long Party to a margin foreign exchange contract in a high yielding currency position overnight you may receive a benefit.

If you are the Short Party to a margin foreign exchange contract in a high yielding currency position overnight you will be charged.

These Rollover rates are calculated on an ongoing basis and any charge or benefit will be debited or credited to your account daily in your Base Currency.

Interest on Account Balances

City Index does not pay Interest on deposits.

However, debit interest may be charged for accounts in arrears.

Administration fees

City Index may charge you for some administration services such as remittance of money to overseas bank accounts or collection of outstanding amounts.

Please refer to Section 10 for the details.

Summary of Risks

This Section is a summary of Risks only. Please refer to Section 1 for details.

Margins

You will deal in all City Index Products on margin. Accordingly:

- by participating you will be required to pay margins to City Index; and
- Margin requirements can change at short notice;
- The relatively low margin requirements permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a City Index Product may result in an immediate and substantial loss to you and a loss in excess of the amount invested.
- During trading halts or suspensions City Index may increase margin requirements to 100% at short notice.

Market Risks

Clients are advised that losses may:

- Arise from the bid-offer spread and widening of the bid-offer spread may occur without notice;
- be caused by fluctuations in equity prices, interest rates and currency valuations;
- be caused by the suspension of trade in any underlying financial market or instrument from which a City Index Product is derived or a lack of liquidity in any such instrument;
- be caused from changes in the interest rates of the respective currencies traded.

Cooling Off

Clients are advised that after executing transactions, Clients may not cancel the contract relating to the transaction.

Delisting and Trading Halts

Clients are advised that trading halts, suspensions and delisting of Underlying Instruments are common.

City Index may in its absolute discretion, suspend trading in a City Index Product or cease to quote a product where there is a reasonable basis to believe an orderly market can no longer be provided.

Clients are warned that during trading halts or suspensions positions in CFDs cannot be reduced or closed and City Index may increase margin requirements to 100% at short notice.

Where an Underlying Instrument is suspended or halted City Index will use the last traded price (unless there are reasonable grounds to price differently) of that Underlying Instrument for the purposes of determining margin requirements and financing fees.

Margin Close Out

City Index has the right (but not the obligation) to close out a Client's open position when funds maintained in the Client's account fail to satisfy the margin requirements.

Consequently, Clients may not be able to control the time or price at which an open position is closed.

City Index' Refusal to Deal or Quote

City Index may refuse to accept an order or provide quotes at our discretion, or under the terms of the Customer Agreement.

Operational Risks

City Index Products are typically traded over the internet. Clients are therefore exposed to the operational risks associated with conducting transactions electronically and in some cases may make it impossible for a Client to place, execute, confirm or cancel an order.

This includes but may not be limited to:

- The stability of the ITP trading platform;
- Reliability and stability of local and international communication connections;
- Reliability and stability of Clients' own personal computer or internet connection.

Credit & Counterparty Risk

As City Index issues its Products, Clients are directly exposed to the financial risk associated with dealing with City Index and indirectly exposed to the financial risks of City Index's counterparties and organisations with whom we hold Client funds.

If the financial conditions of City Index or assets of our counterparties or the parties with which we hold Client assets deteriorate, then Clients could suffer loss because the return of the Client margin and other Client property could become difficult.

A copy of the latest financial statements of City Index, the CFD issuer, are available free of charge upon request.

Hedge Counterparties:

- City Index Limited

Segregated Accounts

All money that Clients deposit with City Index will be segregated from City Index's funds and managed in accordance with the Customer Agreement.

However, it is important to note that the holding of Client money in one or more segregated accounts may not afford Clients absolute protection. Please refer to Section 2.4.

Parties holding segregated funds:

- Commonwealth Bank of Australia
 - JP Morgan Chase N.A Sydney Branch
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1. Summary of Key Benefits & Features

Potential in Rising and Falling Markets

Traditional securities and other financial investment products only deliver benefits in rising or stable markets. CFDs provide simple and effective means to take advantage of falling markets.

Single Platform – Multiple Markets

City Index's trading platforms offer CFDs over domestic and international markets in foreign currencies, bullion and equity indices, all from a single account.

Leverage

CFDs are a leveraged investment and trading instrument. While leverage can magnify losses, it can also magnify profits. Leverage allows Clients to take larger exposures, to more markets, than cash investors using the same capital base.

Multiple Strategies

Leverage also means that Clients can employ more investment and trading strategies than "long only" investors. These include trading "pairs", trading across asset classes, going short and taking exposures around short term events.

Hedging

CFDs can be used to hedge investments, and reduce existing market risk. Clients can hedge directly, on a portfolio basis, or to cover specific risks of investments.

Lower Costs

Generally, CFD exposures come at lower transaction costs than the same exposure taken in the Underlying Instruments.

No Account Fees

Clients pay no fees to open or maintain a CFD trading account. In some limited circumstances, City Index reserves the right to pass on exchange fees where they are charged to City Index.

Key Features

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

Question	Answer
Who is the issuer of this PDS?	The issuer of this PDS is City Index Australia a wholly owned subsidiary of City Index (Holdings) Limited, a UK-based financial services company.

Question	Answer
<p>What is a contract for difference?</p>	<p>A contract for difference (CFD) is a contract under which the parties agree to exchange the cash difference between the opening value and the closing value of the contract. The CFDs we offer are over-the-counter financial products that give the holder exposure to price movements of an Underlying Instrument. Like other derivatives, CFDs allow investors to participate in the returns from movements in an Underlying Instrument, without the need to own that Underlying Instrument.</p> <p>CFDs allow you to make a profit or loss from the fluctuation in the Underlying Instrument and the amount of any profit or loss on a CFD trade will be the total of:</p> <ul style="list-style-type: none"> - the difference between the opening value of the CFD (Quantity x Our Price) and the closing value of the CFD (Quantity x Our Price); less - any Daily Financing Fee or Rollover.
<p>What is leverage?</p>	<p>Leverage refers to the use of a small amount of cash or other equity to supplement an investment of a larger exposure.</p> <p>This allows you to make a larger investment for any given amount of cash you provide as collateral. Leveraged products such as CFDs allow you to use a small amount of equity to take a large exposure in an Underlying Instrument.</p> <p>Leverage allows an investor to amplify both their returns and their losses, and investors may also experience increased volatility in the returns of their investments.</p>
<p>How do I open and close positions?</p>	<p>Positions can be opened by either buying or selling, depending on whether you require a Long or Short position.</p> <p>Positions can be closed by taking the equal and opposite position in the City Index Product. That is, purchase a contract to close a Short position, or sell a contract to close a Long position.</p> <p>Typically Clients trade our products over a downloadable platform, web-based trading platform, or Mobile platform provided by City Index although Clients can transact over the telephone.</p>

Question	Answer
<p>What are the costs involved?</p>	<p>The costs involved in trading our products will vary depending on the product traded. For example, whether it is a FX, Bullion or Index CFD and whether it is a Long or Short position.</p> <p>Costs may include:</p> <ul style="list-style-type: none"> - Daily Financing Fee, - Rollover Fee, - Bid - Offer Spread and - other costs or charges for trading in CFDs are described in Section 10.
<p>How are CFDs priced?</p>	<p>The prices of the products traded with us are generally based on the prices of the Underlying Instrument to which the product relates.</p> <p>A further discussion of the pricing is set out in section 3.4</p>
<p>What are the risks involved in trading?</p>	<p>As with all leveraged investments, trading in FXSolutions Products can be risky and is not appropriate for everyone. There are a number of types of risk that you should be aware of before beginning to trade, including the possibility of losing more money than you invest. Some of these types of risk include:</p> <ul style="list-style-type: none"> - Leverage risk; - Close out risk; - Counterparty risk - Operational and system risk; - Market price and volatility risk; - Segregated account risk; - FX risk; - Operational Risk and; - External market price risk. <p>Please refer to Section 2 for further information.</p>
<p>What are Long and Short positions?</p>	<p>An investor will take a "Long position" where they buy something, with the expectation that it will increase in value and will take a "Short position" where they sell something, with the expectation that it will decrease in value.</p> <p>A "Long" CFD is where you purchase a CFD in the expectation that the value of the Underlying Instrument will increase in which case the value of the CFD will increase.</p> <p>A "Short" CFD is where you sell a CFD in the expectation that the value of the Underlying Instrument will fall in which case the value of the CFD will fall.</p>
<p>What is Margin Requirement?</p>	<p>Margin Requirement is the amount of money that you are required to deposit with us as consideration for entering into a Trade and maintaining an Open Position</p>

Question	Answer
What is the Margin Level?	The Margin Level on your Account is the ratio of Net Equity (the sum of your account balance(s) and Unrealised P & L) to Total Margin (expressed as a percentage). Your Margin Level is stated on the Trading Platform
What is a Margin Close Out?	After opening a position if the market goes against you and your Account Equity falls below your Margin requirement, we may close out some or all of your open positions with us.
How do I open an account with City Index?	<p>Prior to opening an account with City Index you should ensure that you have read this PDS, FSG and Customer Agreement and understand the CFDs offered through this PDS.</p> <p>After doing this, if you are satisfied that CFD trading is appropriate for you, you can open an account by completing the Application which is available online via at www.cityindexasia.com</p>
What are the tax consequences of trading?	<p>The tax consequences of trading in our Products will vary depending on a person's individual circumstances and whether they are traded on a revenue or capital account. We recommend that you obtain your own independent tax advice.</p> <p>Further information is provided in section 11</p>

2. Risk Disclosure

Are City Index Products appropriate for you?

You must carefully consider whether the City Index Products are appropriate for you in the light of your financial circumstances, financial markets experience and investment objectives. In making this decision you should be aware you could both gain and lose large amounts of money. You risk losing money because:

- You could lose all the margin funds you deposit with City Index to establish or maintain a position. In addition, you could lose further amounts as explained below.
- If the market moves against your position you may be required, at short notice, to deposit with City Index further money as margin in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time your position may be closed. You will be liable for any shortfall in your Account resulting from the closure.
- You could lose all monies deposited with City Index, and in addition, be required to pay City Index further funds representing losses and other fees on your open and closed positions. For example, although you may only deposit \$1,000 in an open position by way of margin, if the market moves against you could lose the full notional value of the open position.
- Under certain conditions, it could become difficult or impossible for you to liquidate or close a position. For example, this can happen when there is significant change in prices over a short period. Refer to Section 2.1 for a more detailed explanation about these risks.

- City Index will not, in all circumstances, accept your request to place an order. Refer to Section 2.10 for further details.
- If City Index accepts your request to place an order, such an order may not always limit your losses to the amounts that you had hoped. Market conditions may make it impossible to execute such orders. Refer to Section 2.1 for more detailed explanation about these risks.
- The high degree of leverage that can be obtained when dealing in City Index Products because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.

2.1 Market Risk

Derivative markets are speculative & volatile

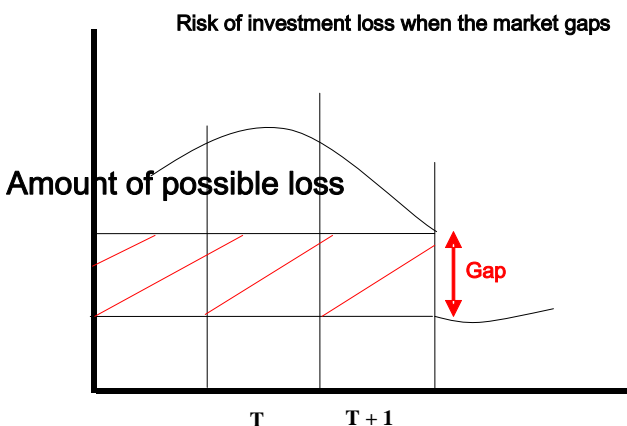
Derivative markets can be highly volatile. The prices of City Index Products and the underlying securities, currencies, financial instruments or indices may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled.

The prices of City Index Products will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, and commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

Dealing may be affected by factors in the Underlying Instrument

The prices of the City Index Products are derived from the prices in the Underlying Instruments.

Sometimes markets move so quickly that “gapping” occurs. Gapping refers to a situation in which you are exposed to the risk of losses when market prices or rates are not determined along a “smooth” or continuous path due to external factors such as global political and economic, and specific corporate actions. If “gapping” occurs in the Underlying Instrument, it will also occur in the price of the relevant City Index Product. In this case, you may be 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.



At other times the Underlying Instrument may lack liquidity because of insufficient trading activity or the aggregate of all requests for orders at a particular price or range of prices determined by City Index exceeds the volume that can be traded in the Underlying Instrument. In such cases, City Index may not be able to provide sufficient volume in the product, and it may not be possible for you to close out your position or open a new position. Under these circumstances, a special market quotation may be substituted for Our Price. Refer to Section 3.4 of this document and to the Customer Agreement.

Finally, trading in the Underlying Instrument may be suspended or halted. In such cases, City Index may not be able to offer the corresponding City Index Product, and it may not be possible for you to close out your position or open a new position.

Where an Underlying Instrument is suspended or halted City Index will use the last traded price of that Underlying Instrument for the purposes of determining margin requirements and financing fees. Where City Index has reasonable grounds to believe that a different price reasonably reflects the value of the CFD then it may, at its absolute discretion, price it differently.

As a result of suspension, 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 want, resulting in reduced profits or higher losses.

Foreign exchange risks

Your Account is maintained in the currency you have nominated, that is, the Base Currency.

Where dealing in a City Index Product that is denominated in a currency other than the Base Currency of your Account, all Margins, profits, losses and financing credits and debits in relation to that City Index Product are calculated using the currency in which the City Index Product is denominated.

Accordingly, your profits or losses may be affected by fluctuations in the relevant foreign exchange rate between the time the order is placed for the City Index Product and the time the position is closed, liquidated or offset.

Upon closing a position in a City Index Product that is denominated in a currency other than the Base Currency of your Account the profit or loss will be converted from any foreign currency to the Base Currency of your Account. City Index may automatically convert these balances back into your Base Currency. Any conversion will be at the City Index Exchange Rate quoted by City Index (this may be different to the price quoted for a Margin Foreign Exchange product.) Until the foreign currency balance

is converted to the Base Currency, fluctuations in the relevant foreign exchange rate may affect the ultimate profit or loss made on the trade when expressed in terms of the Base Currency.

Loss caused by spread

Because of the difference between the buying and selling price of a Product, the relevant Product 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 incur a loss to the extent of the spread and of any City Index charges which have been incurred.

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

Interest rate fluctuations

Should you deal in a City Index Product denominated in a foreign currency, fluctuations in the relevant Financing Rate will also affect your profits and losses.

Rolling over FX CFDs

When holding Margin Foreign Exchange positions overnight, Clients are advised that losses may be incurred due to changes in interest rates in the respective currencies. Rollovers normally in your favour could be charged against you.

2.2 Changes in Margin Requirements

City Index may, under the Customer Agreement, exercise its right to alter the Margin Requirement of any Product at any time at its discretion. Please refer to the Customer Agreement for more information.

If City Index determines that an Event Outside Our Control or Force Majeure Event (see the Customer Agreement for further information) exists then it may (without prejudice to any other rights under the Customer Agreement and at its sole discretion) increase the Margin Requirement. Accordingly, Clients should be prepared at any time to have funds equal to the notional value of their open positions available to meet any increase in the Total Margin.

2.3 City Index acts as Principal & Product Issuer

City Index is a market maker, not a broker, and accordingly will act as a principal, not as an agent, in respect of all transactions.

As City Index issues the City Index Products, Clients are exposed to the financial and business risks, including credit risk, associated with dealing with City Index.

2.4 Segregated Account

Assets corresponding to the value of the margins and other security deposits that we receive from you are classified as Client assets and are administered in accordance with the provisions of the Corporations Law.

Consequently, all monies that Clients deposit with City Index will be segregated from City Index's own funds and managed in accordance with the Customer Agreement.

However, City Index has certain rights as forth below:

- We may withdraw, deduct or apply any amounts payable by you under the Customer Agreement from your monies held in any segregated account or invested by City Index, including, without limitation making a payment for, or in connection with, the margining, adjusting or settling of dealings in City Index Products and the payment of finance charges, rollovers, transaction fees and interest payments due to us under the Customer Agreement;
- We may pay, withdraw, deduct or apply any amounts from your monies held in any segregated account by City Index.

Your monies may be co-mingled into one or more segregated accounts with the monies of other City Index Clients in accordance with the provisions of the Corporations Act.

We are also obliged to pay any monies due to Clients in relation to dealings in City Index Products into a segregated account. Those obligations to Clients under the Customer Agreement are unsecured obligations, meaning that Clients are unsecured creditors of City Index.

Warning about segregated accounts

It is important to note that the holding of Client monies in one or more segregated accounts may not afford Clients absolute protection.

You could incur a loss, depending on the creditworthiness of City Index, its covering counterparties or counterparties holding Client segregated assets.

The purpose of segregated accounts is to manage the monies of all our Clients separately from our own

funds. However, individual Client's monies are co-mingled into one or more segregated Client accounts.

Furthermore, segregated accounts may not insulate Client monies from a default in the segregated Client accounts. However, it is City Index's policy to replenish the funds in a segregated account from City Index's own funds if there is a deficit in a segregated account because a Client has defaulted.

Should there be a deficit in the segregated accounts and in the unlikely event City Index became insolvent before it replenished the funds, Clients will be unsecured creditors with respect to the balance of our obligations.

What is an unsecured creditor?

In the event of the insolvency of City Index, as an unsecured creditor of City Index, Clients will need to submit to the liquidator proof of the balance of City Index's obligations, as evidenced by their Account statements. The liquidator then assesses all proofs of debts to determine to which creditors the company's assets may be distributed, and what order of priority will be taken into account.

2.5 Counterparty Risk

City Index conducts over-the-counter transactions with its counterparties to hedge the market risk arising from Client transactions. Consequently, Clients are indirectly exposed to the credit and counterparty risk of City Index's counterparties.

If the conditions of the business or assets of our counterparties deteriorate, then performance of the hedge transactions may be compromised.

A copy of the latest financial statements of the issuer are available free of charge upon request.

2.6 Operational Risks

City Index Products are typically traded over the internet. Clients are therefore exposed to the operational risks associated with conducting transactions electronically. This included but may not be limited to:

- The stability of the ITP;
- Reliability and stability of local and international communication connections;
- Reliability and stability of Clients' own personal computer or internet connection.

2.7 Third Party Trading Platform risk

We serve our clients through one of the following two electronic trading platforms – the Global Trading System (or GTS), which is our proprietary trading platform and the other is a third-party FX trading platform called Meta Trader 4.

Clients are warned that we do not endorse such third-party platforms and that there can be the following additional risks associated with using such third party platforms:

- we do not own the intellectual property in the third-party trading platform and so, this platform may or may not run in our datacenter, and may or may not be supported by our IT personnel and may or may not have an application program interface integrating this external third-party platform into our dealing systems;
- we do not have control over this platform and by trading on this platform you are exposed to the risks associated with the system, including, but not limited to, the communication infrastructure that connects us to the electronic trading system. This means that if there is any system failure or other interruption, orders either may not be executed according to your instructions or may not be executed at all; and
- if there is any system failure or other interruption, you may not be able to place or change orders or view your trading positions or market data; and
- because this other trading platform is provided by a third-party provider, to the extent not prohibited by law, we will not be liable for any losses or damages suffered or incurred from the use, operation, or performance of that electronic trading system. In addition, we will not be responsible or liable for any direct, indirect, punitive, incidental, special or consequential damages that arise for you from any fault, inaccuracy, omission, delay or any other failure in this third party electronic trading system.

2.8 Regulatory Risk

Changes in taxation and other laws, government, accounting, financial and regulatory policies may have a material effect on your dealings.

2.9 Not a regulated market

City Index Products are not traded on a licensed market. Therefore, some of the protections usually associated with licensed markets are not available when trading with us. For example, trading on the Australian Stock Exchange (ASX) generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain

ASX trades. Such guarantee funds do not apply to CFD trading.

2.10 The Customer Agreement

Under the Customer Agreement, City Index has certain discretionary powers. These include discretion not to accept orders, not to provide a quote or refuse to deal.

Clients should review the Customer Agreement carefully and, if necessary, seek legal advice.

Circumstances in which City Index may close Client Open Positions

Clients should be aware that City Index has the right, whether with or without prior notice, to close out all or part of Client open positions, if any of the Events of Default or Force Majeure Events in the Customer Agreement occur or a Client fails to satisfy their margin obligations.

This includes the suspension or delisting of an Underlying Instrument from which a City Index Product is derived. In such circumstances, although City Index shall attempt to provide Clients with 7 days notice, we are not obliged under the Customer Agreement to provide such notice.

City Index's right to limit Open Positions

City Index has the right under the Customer Agreement to limit the size of a Client's open positions, whether on a net basis (difference between short positions and long positions) or gross basis (aggregate of short positions or long positions).

This may occur for example, because of some event in the Underlying Instrument from which the relevant City Index Product is derived.

City Index's right to provide a special market quotation

City Index has the right under the Customer Agreement to provide a special market quotation when, for example:

- the imposition of limits or special or unusual terms in the relevant Underlying Instrument;
- the aggregate orders at a particular price or range of prices exceeds the volume available for the Underlying Instrument;
- when City Index is unable to make prices in the relevant City Index Product because it is unable to

obtain information for the relevant Underlying Instrument for reasons beyond City Index control.

City Index will not give written notice if it decides not to provide a special market quotation.

City Index's right to refuse Trades

City Index has the right under the Customer Agreement to refuse any Trade or order for any reason. Circumstances in which City Index may decide to do so include:

- where City Index is, in its opinion, unable to maintain an orderly market in its Markets in respect of any one or more of the City Index Products as a result of the occurrence of any act, omission or event (including any specific or general circumstance beyond City Index's control such as a natural disaster, corporate action, political or regulatory occurrences or upheaval, disruption to, communications, power or other infrastructure);
- the suspension, closure, liquidation or abandonment of any relevant market or Underlying Instrument;
- the imposition of limits or special or unusual terms in the relevant markets or Underlying Instrument;
- the excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Instrument; or
- when City Index, in its opinion, considers it necessary for the protection of its rights under the Customer Agreement; or
- when City Index considers that the Client may be in possession of "insider information" as defined by the laws of the relevant country.

Please refer to the Customer Agreement for the circumstances in which City Index may exercise such rights.

2.11 Other Risks

Banking Hours

Due to the limited operating hours of the banking system City Index may not receive margin deposits immediately. Accordingly, Clients are advised to always maintain adequate funds in their trading Account to cover unforeseen adverse market movements.

Warning Regarding One-Click Dealing

The ITP trading platform has the ability, when enabled via the ITP by the client, to operate on a single click. Clients are warned that once an instruction to buy or sell is passed they will not be provided with an opportunity to check the details of the instruction before it is sent to City Index. Consequently, Clients should take additional care.

3. About City Index and its Products

Who is City Index Australia?

City Index Australia Pty Ltd a member of the City Index Group of companies. City Index has been providing traders access to local and international financial markets since 1983. Now a global operator with a solid reputation that extends to include FX and spread betting markets, City Index is focusing on expanding its Asia Pacific presence.

With local knowledge and understanding of Client needs City Index has the best people developing products, platform and service. Offices in Sydney, Singapore and Shanghai support Clients trading both FX and CFDs with local sales, dealing and Client service specialists.

In 2006, City Index acquired IFX Markets Limited, including its Australian and Shanghai operations. And in 2008 the group acquired City Index LLC which included the GTS foreign exchange trading platform.

As part of the IPGL Group, City Index is privately owned by staff and investors. City Index offers its products under the City Index, Finspreads, and City Index brands across Europe, Asia and North America.

3.1 City Index Products

Offering a range of Margin Foreign Exchange contracts and Contracts-for-Difference (CFD), City Index clients can trade

- Foreign Exchange,
- Bullion; and
- Equity Index CFD's.

Software and market information

When you open an account with City Index you will receive access to either the proprietary trading platform Global Trading System (GTS) or the 3rd-party MetaTrader platform.

The platforms not only give you access to prices and trading opportunities, but also a range of additional information sources. GTS allows you to place orders, view charts relating to market movements, gain access to your Account statements and monitor a real-time news service for any market moving stories.

A monthly fee may be charged by City Index for use of it's or a third party provider's platform, software or source of information. Details of any such charge are set out in Section 10.

3.2 Prices on the dealing platform

The real time dealing prices provided on the dealing platform are the prices that City Index is offering for City Index Products. City Index prices may not be the same as those in the Underlying Instrument on which the City Index Products are based. Furthermore, the bid-offer spreads in City Index Products may not be the same as those available in the Underlying Instrument.

Accordingly, it is for you to decide whether you wish to deal in the City Index Product or in the actual Underlying Instrument.

City Index does not provide Clients with access to prices in the Underlying Instrument or market depth information through its dealing platform. You may obtain real time prices in the Underlying Instrument by accessing any of a number of services that provide investors with real time prices from those markets. In particular, information vendors offer real time and delayed prices from the Underlying Instruments, whilst exchanges usually offer delayed prices at no cost. Finally, the financial media also provides opening and closing prices.

3.3 Trading hours

Trading hours for City Index Products differ. The trading hours for each instrument are available from our Client Services team.

Please note we are not obliged to quote prices or accept Trades, orders or instructions in respect of any City Index Product:

- on a public holiday in any jurisdiction which, in our reasonable opinion, affects the relevant Underlying Instruments;
- to which Limited Hours Trading applies during any time when the relevant exchange is closed for business.

3.4 How does City Index determine the prices for its products?

City Index prices for its products are based on the price of the Underlying Instrument and, in some circumstances, the application of a spread which is applied at our discretion.

City Index's prices for Index CFD's are derived from the last traded price in the underlying futures contracts plus a spread with the addition or subtraction of a fair value to account for interest and dividend expectations. The bid/offer spread can be adjusted by City Index to accommodate market liquidity.

City Index's prices for Margin Foreign Exchange and Bullion are derived from the best bids/offers from a number of bank and institutional feeds. City Index shows a fixed spread based on these feeds. City Index reserves the right to adjust the spread with changes in liquidity and volatility in the Underlying Instruments.

4. Getting Started

4.1 Opening an Account

Your dealings in City Index Products on and from the date of this document will be undertaken in accordance with the following documents that you will have received from a City Index representative or downloaded from our website:

- the Customer Agreement (including any Schedules) (as amended from time to time);
- an Application Form; and
- the Product Disclosure Statement

These documents are all available at www.cityindexasia.com

Acknowledgments

By signing and returning or submitting electronically an Application Form you will be deemed to have agreed to the following items. In addition, after having commenced trading with City Index you will be deemed to have agreed to the following items if you continue trading after receiving a revised Product Disclosure Statement and/or Customer Agreement:

- that you are aware that investing in derivatives carries a high level of risk to capital and due to the potential volatility and fluctuations in value, you may not get back the amount of your original investment and in certain circumstances you may be liable to pay a far greater sum, with potential losses being higher than all the monies you have paid to City Index;
- that you have given consideration to your objectives, financial situation and needs and the significant risks of loss which accompany the prospects of profit associated with dealing in City Index Products and have formed the opinion that dealing in City Index Products are suitable for your purposes;
- that you were advised by City Index to obtain independent legal and financial advice concerning this PDS and the Customer Agreement;
- that you have obtained appropriate and sufficient advice concerning the terms of this PDS and the Customer Agreement;
- that you consent to City Index collecting, maintaining, using and disclosing personal information about you and provided by you or by another person as described in Section 14;

- that you received or downloaded this PDS with the Customer Agreement, and read and understood them;
- that you agree that City Index will provide its services to you on the basis of the Customer Agreement and in particular that you will receive documents such as trade confirmations, daily statements in electronic form.

4.2 AML and CTF Regulation

Following the recent implementation of the AML/CTF Act in Australia, City Index is obliged to conduct a Client identification process prior to opening an Account. This procedure will involve collecting Client information such as your name, address and date of birth and verifying this information.

Throughout the course of your relationship with us, there may be times where there is a need to collect additional information from you, pursuant to City Index's AML/CTF obligations.

In circumstances where it is reasonable for City Index to suspect that there may be a breach of applicable laws or regulations, City Index may decide to refuse any transactions on your account or to freeze your funds. If this occurs, City Index will not be held liable for any losses you may incur as a result of such actions.

4.3 Depositing funds

Clients may deposit funds through online banking facilities or use of a credit card. All funds must be cleared funds on your account before they are made available for you to use in dealing in City Index Products.

We do not accept cash as a deposit or to meet any of your ongoing margin obligations.

It is your responsibility to ensure that monies sent to City Index are correctly designated in all respects, including, where applicable, that the monies are by way of margin and to which Account they should be applied. Payments by you under the Customer Agreement must be free of any withholding tax or deduction.

You must ensure that any transfer made to City Index is from an account in your name and not from that of a third party.

City Index may in its absolute discretion, without creating an obligation to do so, return any transfer of monies from, a third party account, unless City Index

has previously agreed in writing to accept such a transfer.

City Index will not accept or bear any liability or responsibility whatsoever for any loss incurred by you as a result of, or arising out of, or in connection with, City Index returning any transfer of monies from a third party account including any loss incurred by you because you are subsequently in default of your obligations under the Customer Agreement.

4.4 Minimum initial account balance

There is usually a minimum account opening deposit of USD250 or its currency equivalent. This may be varied at City Index's absolute discretion from time to time.

4.5 Interest on Account balances

City Index does not pay interest on credit balances. However, we may charge accounts in arrears debit interest.

Refer to Section 10.9 for further information.

4.6 How do you deal in City Index Products?

City Index's dealing platform on the internet provides Clients with the capability to execute deals simply by clicking on City Index's latest dealing price. There is also a full on-line back office and position keeping service.

City Index will not accept orders or instructions from you through email or using the on-line chat facility.

4.7 Minimum deal sizes

The minimum deal sizes for City Index's Products are set out in Section 10.3.

City Index may vary the minimum deal size for a City Index Product.

4.8 Margins

Margin payments are required to be paid when dealing in City Index Products. The Margin Requirement is the deposit that must be made when buying or selling City Index Products. These margins are generally between 1% and 5% of the notional value of the transaction (Refer Section 10.5).

In addition, Clients are required to maintain deposits equal to or greater than losses incurred.

4.9 Open Positions at close of market

An open position must be closed by the Close of Business which is 17:00 New York; 22:00 GMT (09:00 Australian Summer or during US Summer Time 21:00 GMT and 07:00 AEST). If you do not close your position before the Close of Business then it will become an overnight position and your position will be rolled automatically unless City Index exercises any rights to close the position.

If you find that you have insufficient margin then City Index reserves the right to close your position if your Margin Level falls below the Margin Close Out Level.

4.10 Account administration

Every day, provided you have dealt or have an open position, we will produce electronically a daily confirmation of your dealings and open positions.

City Index will send Clients an email to the email address held on record advising that activity has occurred on your account. The email contains a link to the ITP in order to produce the statement.

It is very important that you check all the contents of the statements in detail and contact us within 48 hours if you disagree with any of their contents.

It is very important that you are aware of your Net Equity balance, the Margin Requirement for your open position(s), and the Trading Resource available. The Margin Level will indicate to you whether you are approaching the Margin Close Out Level. It will also indicate the excess funds available, if any, that you may either utilise to increase your open positions or withdraw.

Queries about your Account

All queries should be made to our Client Services team by phone or email.

Currency balances

Your Account is maintained in the currency you have nominated, that is, the Base Currency. All your profits, losses and financing credits or debits in relation to your trading may be denominated in the currency of the relevant Underlying Instrument. Upon closing a position denominated in a foreign currency we will convert that foreign currency to your Base Currency and debit or credit your ledger.

Delivery of statements and confirmations electronically

Any time you execute a transaction with City Index, an order confirmation will appear on the dealing platform. Daily statements will also be created and you will be notified electronically that a statement is available through the trading platform.

Real-time access through GTS

When using GTS you may view all your positions at any point in real-time, as well as all deals, orders, pending orders and statements. Under the Customer Agreement you agree to use the ITP to:

- confirm all dealings undertaken with City Index; and
- to monitor your obligations to City Index.

Under the Customer Agreement you also agree that City Index may make documents available to you, updating the Product Disclosure Statement, Customer Agreement and Fees and Charges by:

- sending them to you by email or other electronic means;
- posting them on City Index's 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.

Administration charges

City Index will charge you for the following administration services:

- duplicate statements;
- transcripts of taped conversations;
- audit certificates; and
- debt collection.

The charges for such services are detailed in Section 10.

No charge is levied for duplicate statements requested and forwarded electronically.

5. Equity Index Contracts for Difference

5.1 What are Index CFDs?

Contracts for Difference allow you to receive most of the benefits of owning a security without having to actually own the security. All CFD open positions are valued constantly against the closing price and when positions are closed the profit or loss is credited or debited to your Account.

City Index offers CFDs on the indices of major countries stock markets.

Buying and selling an Index CFD is similar to buying the Underlying Instrument where only the difference representing the profit or loss on the transaction is exchanged between the Client and the CFD provider.

Your open positions are revalued constantly and profits or losses are credited / debited to your Account only on closed positions. Unrealised profits and losses are shown displayed on your daily statement. Adjustments relating to corporate actions, such as dividends with respect of the underlying security are also applied to your Account should they occur.

Adjustments for Dividends & Taxes

Corporate actions and Dividends are reflected in the price of an Index CFD. Where taxes on dividends or withholding taxes apply in the physical market, these are similarly applied to a CFD.

If Clients hold open CFD positions when a Dividend is paid by a listed company their account will be adjusted in cash to reflect that Dividend.

Timing of adjustments

The Customer Agreement specifies the time at which City Index will adjust Client accounts for Cash Dividends declared in respect of an underlying security relating to an Index CFD. Refer to the relevant section of the Customer Agreement.

Index CFDs

Where a Cash Dividend is declared on a share which is a member of Index CFD, the adjustment for the Cash Dividend will be in proportion to the weighting that the relevant company's share holds within the Index.

Any adjustment in respect of Index CFDs will not take into account Imputation Credits.

The weighting that a company's share has within an Index CFD is in accordance with the relative market capitalisations of all companies within the Index.

Long Index CFD position

If you have a long Share CFD position your Account will be credited with an amount equal to the net amount of the Cash Dividend less 30% representing an adjustment for all taxes on the underlying security or securities.

The reference to Cash Dividend is to the cash dividend or distribution declared. Accordingly, your Account is not adjusted for any Imputation Credits attached to a dividend.

Short Index CFD position

If you have a short Share CFD position your Account may be debited for the Grossed-up Dividend.

5.2 Financing fees

Index CFD positions carried overnight will incur Financing Fees calculated on the total notional value of the position at the relevant City Index Financing Rate. If you are long a CFD you may pay a Financing Fee to City Index, whilst if you are short you may receive a Financing Fee from City Index at the relevant City Index Financing Rate. The Financing Rates are set out in Section 10.5.

You should note that City Index may change the Financing Rates from time to time and that you will receive a notice in accordance with the Customer Agreement.

5.3 Transaction Fees

City Index does not charge transaction fees on Index CFDs.

Any other applicable Fees are outlined in Section 10. You should note that City Index may change its Fee structure from time to time and that you will receive a notice in accordance with the Customer Agreement.

5.4 Index CFD Prices

Refer to Section 3.4 for a description of how CFD prices are determined.

5.5 How to deal in Index CFDs

- **"Going long" and making a profit**

You want to buy 10 WALL STREET Index CFD contracts with a view the Dow will increase in value. WALL STREET Index CFDs are trading at (bid/offer) 10,411 / 10,416.

Opening Buy:

You buy 10 WALL STREET index CFDs @ 10,416.

You decide to close your position by pressing the close button for the full amount of the trade, when WALL STREET Index CFDs are trading at (bid/offer) 10,466/10,471.

Closing Sell:

You sell 10 WALL STREET Index CFDs @ 10,466.

Profit/loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit / Loss

$(10,466 - 10,416) \times 10 = \text{USD\$500 Profit}$

- **"Going long" and incurring a loss**

You want to buy 10 WALL STREET Index CFD contracts with a view the Dow will increase in value. WALL STREET index CFDs are trading at (bid/offer) 10,411/10,416.

Opening Buy:

You buy 10 WALL STREET Index CFDs @ 10,416.

You decide to close your position by pressing the close button for the full amount of the trade, when WALL STREET Index CFDs are trading at (bid/offer) 10,366/10,371.

Closing Sell:

You sell 10 WALL STREET Index CFDs @ 10,366.

Profit/loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit / Loss

$(10,366 - 10,416) \times 10 = \text{USD\$500 Loss}$

- **"Going short" and making a profit**

You want to sell 10 WALL STREET Index CFDs with a view the Dow will decrease in value. WALL STREET CFDs are trading at (bid/offer) 10,411/10,416.

Opening sell:

You sell 10 US 30 Index CFDs @ 10,411.

You decide to close your position by pressing the close button for the full amount of the trade, when WALL STREET Index CFDs are trading at (bid/offer) 10,356/10,361.

Closing buy:

You buy 10 WALL STREET CFD @ 10,361.

Profit/Loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit/Loss

$(10,411 - 10,361) \times 10 = \text{USD\$500 Profit}$

- **"Going short" and incurring a loss**

You want to sell 10 WALL STREET Index CFDs with a view the Dow Jones Industrial Average (DJIA) will decrease in value. WALL STREET CFDs are trading at (bid/offer) 10,411/10,416.

Opening sell:

You sell 10 US 30 Index CFDs @ 10,411.

You decide to close your position by pressing the close button for the full amount of the trade, when WALL STREET Index CFDs are trading at (bid/offer) 10,456/10,461.

Closing buy:

You buy 10 WALL STREET CFD @ 10,461.

Profit/Loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit/Loss

$(10,411 - 10,461) \times 10 = \text{USD\$500 Loss}$

- **Financing Fee you may receive or pay when Index CFDs are rolled over at Close of Business**

If you hold your long Index CFD position overnight and do not close it before the Close of Business, you may incur a Financing Fee at the Financing Rate, which would reduce your profit or increase your loss. If you hold your short Index CFD position overnight and do not close it before the Close of Business, you may receive a Financing Fee, which would increase your profit or reduce your loss.

- **Profits and Losses**

All profits and losses are credited to your Account in your Base Currency

6. Bullion Contracts for Difference

6.1 How to deal in Bullion CFDs

- **“Going Long” and making a profit or loss**

You believe the price of gold is going to rise and decide to buy 12 contracts of Gold at USD 1,100.00. The position is kept open for 21 days. Each contract represents 1 ounce of Gold and is priced in US Dollars.

Opening Buy

You buy 12 contracts at U\$ 1,100.0 per ounce.

The initial margin for this trade is:

$$(12 \times \text{USD}1,100) \times 0.5\% = \text{USD}66$$

Profit Scenario

The price of Gold rises. City Index is now quoting 1,150.0 / 1,150.6 Stephen sells 12 contracts at U\$ 1,150.0

$$\text{Profit} = (1,150.0 - 1,100.0) \times 12 = \text{US}\$600$$

Loss Scenario

The price of Gold falls. City Index is now quoting 1,050.0 / 1,050.6 Stephen sells 12 contracts at U\$ 1,050.0

$$\text{Loss} = (1,050.0 - 1,100.0) \times 12 = - \text{US}\$600$$

- **“Going Short” and making a profit or loss**

Stephen believes the price of gold is going to fall. He opens by selling 14 Gold CFD contracts at USD1,100 which he keeps open for 21 days.

Opening Sell

Stephen sells 14 contracts at 1,100.0.

The initial margin for this trade is:

$$(14 \times \text{USD}1,100) \times 0.5\% = \text{USD}77$$

Profit Scenario

The price of Gold falls. City Index is now quoting 1,049.4 / 1,050.0 Stephen buys 14 contracts at U\$ 1,050.0

$$\text{Profit} = (1,100.0 - 1,050.0) \times 14 = \text{US}\$700$$

Loss Scenario

The price of Gold rises. City Index is now quoting 1,149.6 / 1,115.0 Stephen buys 14 contracts at U\$1,150.0

$$\text{Loss} = (1,100.0 - 1,150.0) \times 14 = - \text{US}\$700$$

6.2 Rolling over Bullion CFDs

Bullion CFDs continue to roll from the current spot date to the next spot date unless closed by clients.

6.3 Financing Fee you may receive or pay when FX CFDs are rolled over

Bullion positions that are rolled over each day will result in either paying or receiving a cash amount equal to the relative difference in interest rates and Bullion yield rates for the number of days rolled.

The Rollover is a varying rate dependent on the Bullion, the applicable rate in the interbank markets according to the period of rollover, the size of the position and the City Index spread that is applied at our discretion.

The interbank rate is based on the differential between the Bullion yield and US interest rates.

For example, if you have a long Gold position and do not close it before New York Close and Gold Yield rates are higher than USD interest rates then your account will be credited. This is because you are holding the higher yielding asset. However, if the USD interest rate is higher then your account will be debited if you hold the position over New York Close.

6.4 Profits and Losses

All profits and losses in respect of Bullion are denominated in USD and will be credited or debited, as the case may be, to your Account in your Base Currency.

7. Margin Foreign Exchange

7.1 Dealing Foreign Exchange

Foreign exchange is the simultaneous purchase and sale of one currency for another between two parties at an agreed rate.

7.2 How to deal in Margin FX with City Index

A Foreign exchange quote, e.g. AUD/USD "0.8510/14" represents the bid/offer spread in this case for AUD/USD. The rate of 0.8514 is the rate at which you can buy AUD against the US dollar. The rate of 0.8510 is the rate at which you can sell AUD against the US dollar.

- **"Going long" and making a profit**

You wish to speculate on AUD/USD believing that the Australian dollar will strengthen against the US dollar. City Index is quoting AUD/USD 0.8510/14.

First you need to purchase AUD.

Opening Buy:

You buy AUD\$100,000 @ 0.8514

The Australian dollar appreciates against the US dollar and you wish to close the position. City Index is now quoting 0.8590 / 94

Closing Sell:

You sell AUD\$100,000 @ 0.8590

Profit/loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit/Loss

$(0.8590 - 0.8514) \times 100,000 = \text{USD\$760 Profit}$

- **"Going long and making a loss"**

You wish to speculate on the AUD/USD believing that the Australian dollar will strengthen against the USD. City Index is quoting 0.8510 / 14.

Opening buy:

You buy AUD \$100,000 @ 0.8514

Your view is wrong and the Australian dollar depreciates against the US dollar. You now wish to close the position. City Index is now quoting 0.8438 / 42.

Closing Sell:

You sell AUD\$100,000 @ 0.8438

Profit/Loss Calculation:

(Sell price - buy price) x Quantity = Profit/Loss

$(0.8438 - 0.8514) \times 100,000 = \text{USD\$760 Loss}$

- **"Going short" and making a profit**

You wish to speculate on AUD/USD believing that the Australian dollar will weaken against the US Dollar. First you need to sell AUD.

City Index is quoting AUD / USD 0.8590 / 94.

Opening Sell:

You sell AUD\$100,000 @ 0.8590

The Australian dollar depreciates against the US dollar and you wish to close the position. City Index is now quoting AUD/USD 0.8510/14.

Closing Buy:

You buy AUD\$100,000 @ 0.8514

Profit/loss Calculation:

(Sell Price - Purchase Price) x Quantity = Profit/Loss

$(0.8590 - 0.8514) \times 100,000 = \text{USD\$760 Profit}$

- **"Going short and making a loss"**

You wish to speculate on the AUD/USD believing that the Australian dollar will depreciate against the USD. City Index is quoting 0.8510 / 14.

First you need to sell AUD.

Opening sell:

You sell AUD\$100,000 @ 0.8510

Your view is wrong and the Australian dollar appreciates against the US dollar. You now wish to close the position. City Index is quoting 0.8582 / 86.

Closing Buy:

You buy AUD\$100,000 at 0.8586

Profit/Loss Calculation:

(Sell price - buy price) x Quantity = Profit/Loss

$(0.8510 - 0.8586) \times 100,000 = \text{USD\$760 Loss}$

7.3 Rollovers you may receive or pay when FX positions are rolled over

FX positions that are rolled over each day will result in either paying or receiving a cash amount equal to the relative difference in interest rates between the two currencies for the number of days rolled.

The Rollover for FX varies depending on the currency pair, the applicable rate in the interbank markets according to the period of rollover, the size of the position and the City Index spread that is applied at our discretion.

The interbank rate is based on the interest rate differential between the two applicable currencies plus any spread City Index may add. For example, if you have a long AUD/USD position and do not close it

before New York Close and interest rates are higher in AUD than in USD then your account may be credited. This is because you are holding the higher yielding currency. However, if the USD interest rate is higher than AUD then your account will be debited if you hold the position over New York Close.

7.4 Transaction Fees

City Index does not charge transaction fees on Margin Foreign Exchange.

Any other applicable Fees are outlined in Section 10.

7.5 FX CFD prices

Refer to Section 3.4 for a description of how FX prices are determined.

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8. Margin Obligations

8.1 What is Margin?

Margin generally refers to the deposit requirements to first establish and then to maintain open positions in our Products.

8.2 Margin Requirement

Margin Requirement is the deposit required to open a position on a City Index Product with us and must be maintained as long as the position is open.

- **FX & Bullion CFDs**

City Index Margin Requirements for foreign exchange trading will vary according to the size of the transaction and the currencies you will be dealing in.

However, a 0.5% Margin Requirement to open an FX position is normally sufficient, although we may require a higher percentage at our discretion.

- **Index CFDs**

The Margin Requirement rate on Index CFDs is generally between 1-5%. For example, with an AUD\$10,000 initial deposit you can deal in up to AUD\$1,000,000 notional value on Indices.

8.3 Net Equity

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

During the trading day your Account balance(s), including all open positions, are valued against the prevailing price. Your Net Equity balance is constantly calculated in line with price movements.

The Trading Resource is used to assess your available margin against current positions, any new positions you may wish to take and whether there is a requirement for additional margin deposits on your Account.

Once a position is opened, the 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 monitoring your Trading Resources, we summarise your Net Equity together with your Margin Requirements in your daily statement and online in the ITP.

You will only be allowed to deal and maintain open positions on the basis of cleared funds on your Account, not on promised funds or funds in transit.

8.4 Shortage in Equity

A shortage in equity occurs when your Trading Resources fall below the required Total Margin.

When there is a shortfall in your Trading Resources you will not be allowed to deal in City Index Products, except to reduce your open positions until such time as your Trading Resources are positive. This is in addition to all other rights City Index has when there is such a shortfall in your Account equity.

8.5 Margin Level

Customers must maintain sufficient equity (Cash Balance and any unrealized profits or losses) in their account at all times to satisfy the margin requirement on any open position.

8.6 Margin Close Out

If the equity in the Account falls below the Margin requirement for open positions, City Index has the right (but not the obligation) to close all positions. This is referred to as Margin Close Out.

Once the Margin Close Out level has been triggered, City Index may close all of your open positions and you may be restricted from dealing on your Account until your Account balance is replenished.

City Index does not represent or warrant, or give any assurance that your open positions will be closed out at any particular level.

Furthermore, you will be liable for those losses, although City Index had the right to close out your position at a time before you incurred those additional losses. Any such loss may result in you losing all monies that you have deposited in your account, and in addition require you to pay further funds representing losses and other fees on your open and closed positions. Refer to the Section entitled Risks for a broader discussion.

It is your responsibility to ensure that you do not exceed your margin obligations and total exposure to City Index at all times, and not rely on City Index to close out your positions should they be nearing, or exceed, the Margin Close Out levels. You may do this by reviewing your Account details on the ITP trading platform. You may also contact our Client Services

Department should you have any queries about your current margin obligations.

You should refer to the Customer Agreement for the consequences arising from non-payment of Margin and changes in Margin Requirements.

8.7 Margin Close Out Process

If your account reaches or falls below the Margin Close Out Level, this is classed as an Event of Default under our Customer Agreement and City Index may at its discretion, among other things, close out all or any of your open positions immediately and without notice.

We will close your open positions at Our Price prevailing at the time when your open Positions are closed.

If there is a change in Our Price, or the effect of closing positions is to restore the account Margin Level to above 80%, City Index may, at its sole discretion, not close out any remaining account positions.

The Margin Close Out Level is designed to help limit the extent of your trading losses. We do not however guarantee that your Open Positions will be closed when the Margin Level for your Account reaches the Margin Close Out Level or that your losses will be limited to the amount of funds you have deposited in your Account.

8.8 Selecting Account Size

The default account setting on the GTS platform offers Margin FX contracts in units of 10,000 and leverage of 100:1.

Clients may select their own account setting for the contract size, leverage and lot size.

Changes to account settings will not be reflected in open positions. For example, if the leverage is set to

100:1 a change to lower leverage of 50:1 will not be reflected until open positions are closed.

8.9 Banking Hours

Due to the limited operating hours of the banking system City Index may not receive margin deposits immediately. Accordingly, Clients are advised to always maintain adequate funds in their City Index Account to cover unforeseen adverse market movements.

8.10 Deposits

Clients may currently fund in Australian and US Dollars via direct deposit or credit card. Remittance instructions are available on our website or from our Client Services team.

8.11 Fund withdrawals

Funds may be withdrawn by making a withdrawal request to our Client Services Department. Withdrawals are obviously subject to you leaving enough funds in the Account to meet your current margin obligations and any minimum amount that City Index requires Clients to hold in their account.

City Index will not pay funds to any third party account.

8.12 Profits / losses

Profits realised or unrealised increase your Net Equity and Trading Resources available for trading on your Account. You are able to withdraw realised profits if your Account shows a positive cash balance and you have sufficient funds remaining to ensure your cash balance is positive and your Net Equity is sufficient to cover your Total Margin requirement. Losses realised or unrealised as a result of your dealing activities decrease your Net Equity, and therefore the Trading Resources available for dealing in City Index' Products or holding positions.

9. Orders you can place

9.1 How to open and close CFD positions

A position is opened by buying or selling CFDs:

- **BUYING** - To make a profit, you want the price of the underlying security, index or asset to rise.
- **SELLING** - To make a profit, you want the price of the underlying security, index or asset to fall.

A position is closed by you selecting the position you would like to close and selecting the Close button. Closing your position may result in a profit or loss being realised on your Account.

You may close part of an open position by changing the number of lots when you use the Close button.

9.2 Risk management

As the markets are constantly moving 24 hours a day, during the trading week it is good practice to place a 'stop-loss' on your open position. This allows you to control any potential losses should the market move against you.

There are also a number of other types of orders that you can place that facilitate risk management when dealing in City Index' Products. By using these additional types of orders you have the ability to control potential profits as well as potential losses on your open positions.

IMPORTANT NOTICE ABOUT THIS SECTION

When the Client requests one of the types of orders described in this section, City Index has an absolute discretion whether or not to accept and execute any such request.

9.3 Stop-loss orders

A Stop-loss order is an order placed to limit the loss on an open position:

- **Index CFD Example**

You have bought (long) 10 CFD contacts on the AUSTRALIA200 at 3,100. You place a Stop-loss order to sell at 3,000, thus limiting your losses if the AUSTRALIA200 falls to 3000 or below.

Stop-loss orders must be placed a minimum distance from the current CFD Markets Bid and Offer prices as determined by City Index from time to time in its absolute discretion.

When a Stop-loss order is triggered it becomes a market order. Stop-loss orders placed on share CFDs, for example, will be triggered if the Underlying Instrument trades at prices equal to or inferior to the price at which you have placed your Stop-loss order. At this time, City Index will execute a Client's instruction to either buy or sell the number of contracts at the prevailing market price. Stop-loss orders are always subject to there being sufficient liquidity in the Underlying Instrument. For this reason, your Stop-loss orders may be filled at prices inferior to those at which you have placed your Stop-loss order.

In the event of a disruption or heavy trading activity, the execution price of a triggered stop-loss order may not be able to be determined until an orderly market is available. In these circumstances, the order will be pending and will not be able to be cancelled. Once a price can be reasonably determined, City Index will complete the execution. In an extreme circumstance, such as a market suspension, City Index may not be able to determine a price. Refer to the section titled Risk for more information.

Stop-loss orders placed on all CFDs may be filled if the price published for the relevant CFD by City Index is equal to or inferior to the price at which you have placed your Stop-loss order. Your Stop-loss orders may be filled at prices inferior to those at which you have placed your Stop-loss order.

Accordingly, the placing of Stop-loss orders may not always limit your losses to the amounts that you may want.

9.4 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.

Note that stop-entry orders must be placed a minimum distance from the prevailing Our Price, which is determined at City Index discretion.

9.5 Limit orders

A Limit order is used to place either a closing order to take a profit on an open position at a predefined rate set by you, or as an opening trade at a more favorable rate than the current price for that instrument.

- ***As an order to take a profit on an open position.***

Index CFD Example

You have bought (long) 10 CFD contracts on the AUSTRALIA200 at an opening price of 3,100. You believe the value of the AUSTRALIA200 index CFD will strengthen to 3,500. You place a Limit order to sell 10 CFD contracts on the AUSTRALIA200 at 3,500. If the AUSTRALIA200 rises to 3500 bid or above your order will be filled provided there is sufficient liquidity in the Underlying Instrument.

- ***To open a new position when the order rate is better than the prevailing market rate for that instrument.***

Index CFD Example

The AUSTRALIA200 index CFD is currently quoted at 3,100 / 3,102. You place a buy Limit order to open a position at 3,000. Should the market become offered at that level your order will be filled provided there is sufficient liquidity in the Underlying Instrument.

9.6 GTC (Good 'Til Cancelled) orders

Good 'til Cancelled orders are available on all City Index Products. Conditional orders (that is, Limits / Stops / OCOs) can be placed Good 'Til Cancelled. A GTC will expire when it is either executed according to the terms of that order, or is cancelled by you.

9.7 If Done or Contingent Orders

This is the combination of two orders, with the second order only becoming active should the first order be executed. For example, you may place a Limit or a Stop order contingent on another Limit or Stop order being executed.

- ***FX CFD Example***

You place a buy Limit order at 0.8530 on the AUD/USD to buy AUD with a contingent Stop-loss order at 0.8512. If Our Offer price reaches 0.8530 your buy Limit order will be executed and your contingent Stop-loss order at 0.8512 becomes an active pending order.

9.8 Cancelling Orders

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 order may be executed.

Orders "linked" or "tied" to pending orders will automatically be cancelled.

9.9 Dealing with your Orders

In most cases when the condition or event specified in your Order occurs it will be executed at or very close to the specified Order Price. However, please note that the price you receive at execution is not guaranteed. Our Price might not move in point or minimum tick increments. On occasions we may not quote prices or deal at intermediate price levels. This may be due to rapid price changes in the Underlying Instrument (called 'gapping'), for example following the release of financial statistics different from those expected or a some international political or terrorist event. In such a case, Our Price at the time of execution may be markedly different to your specified Order price.

If, when an Order is executed, the Quantity is less than our maximum Quantity for that particular Market, the Order will be executed at or near the specified Order price. However, if the Order is for a Quantity greater than our maximum Quantity, the price at which the Order is executed will depend on the liquidity in the external market for the Underlying Instrument and may therefore be executed at a different price.

Note that if you have placed multiple Orders in the same Market, with the same specified Order price and with an aggregate Quantity greater than our maximum Quantity, there is no guarantee that they will all be executed at the same price. The execution prices will depend on the liquidity in the external market for the Underlying Instrument and the execution of the first Trade may affect the liquidity available for the execution of the second and any subsequent Orders.

10. Rates & Charges

All prices quoted are inclusive of our charges other than administration fees, exchange fees and financing or rollovers, all of which are discussed below.

10.1 Transaction Fees

City Index does not charge Transaction Fees on FX & Bullion or Index CFDs.

10.2 Exchange Fees

ASX Fees

If you login to the ITP software or if you deal in Australian Index CFDs, you will be charged an exchange fee per calendar month plus GST of 10%. The exchange fee covers fees that City Index must pay to the Australian Stock Exchange for use of real-time ASX prices in the online trading platform.

The following table shows the current ASX fees:

Non-Professional Investor	A\$37.50+10% GST (A\$41.25)
Professional Investor	A\$45.00+10% GST (A\$49.50)

A non-professional investor is defined by the ASX to be any person who accesses the real-time prices for their personal and private use. Clients will be treated as non professional investors unless they are notified otherwise by City Index in writing. The exchange fee is subject to change and is dependent upon the method and rate by which City Index is charged by the ASX.

The amount of the exchange fee will be debited from your account, monthly in arrears, if you have logged in to the ITP software or dealt in Australian Share CFDs in the calendar month.

Other Underlying Instruments

Our other CFDs currently do not attract a fee from any operator of other Underlying Instruments. In the event that trading our CFDs incurs a fee from an operator of another Underlying Instrument, we will not charge you for these fees before advising you.

10.3 Minimum Deal Sizes

The Minimum deal size varies depending on the product and is set out in the tables below.

The minimum deal size is expressed in terms of the minimum number of contracts that can be traded in each transaction.

For Index CFDs, the value of the transaction is expressed as the number of contracts multiplied by the price of each contract.

In the case of Margin FX, the value of the transaction is calculated by calculating contract size multiplied by the number of contracts.

10.4 Bid Offer Spread and Tick Value

Because of the difference between the buying and selling price, the relevant price must move favorably before you can break even.

All of City Index Products have fixed bid-offer spreads; however, the tick value of each product varies depending on the notional value of the contract traded and the currency of denomination.

The tables below detail the minimum tick value for a variety of City Index Products.

10.5 Margin Requirement & Financing Fees

Clients are advised that Margin Requirements may vary depending on individual circumstances. The default Margins Requirements are set out in summary in the tables below.

Clients are reminded that Margin Requirements can change at short notice due to an increase in volatility.

Financing Fees

If you hold a Long CFD position in an Index CFD overnight you pay a Daily Financing Fee to City Index.

If you hold a Short CFD position in an Index CFD overnight you may be paid a Daily Financing Fee by City Index.

The Daily Financing Fee is determined by adding or subtracting the Financing Spread from the Reference Interest Rate.

Daily Financing Fee is charged on a daily basis and is calculated on a 360 or 365 day year depending on currency denomination of the product.

- For Index CFDs, the Financing Rate is the Reference Interest Rate plus or minus the Financing Spread depending on whether you are long or short. The Financing Spread is specified in the table below.

The Reference Interest Rate is determined by City Index for the respective currencies. City Index may

change the Reference Interest Rate and Financing Spread for any currency at any time.

Please note that the minimum Daily Financing Fee is zero. That is, where the Reference Interest Rate for a currency is less than the Financing Spread deducted, no Daily Financing Fee will be credited to your Account.

The tables below set out City Index default Financing Spreads.

Example: For example, holding one (1) Long Wall Street Index CFD contract at a price of 10,500 the Long Financing Rate is the Fed Discount Rate +3%.

Holding the position overnight for 2 days results in the following charge:

$$\text{Financing Rate} = \text{FED} + 3\% = 3.75\%$$

$$\text{Daily Financing Fee} = \text{USD}10,500 \times (0.095/360) \times 2 = \text{USD}5.54$$

How is the Daily Financing Fee charged?

The Daily Financing Fee is charged or paid to Client accounts at the close of business daily. The Daily Financing Fee is calculated in the currency in which the instrument is denominated and charged in the Base Currency. The Daily Financing Fee and the applicable interest rate are detailed on the daily statements.

FX Rollovers

If you are the Long Party in a high yielding currency position overnight you may receive a benefit.

If you are the Short Party in a high yielding currency position overnight you will be charged.

These rates are calculated on an ongoing basis by City Index and any charge or benefit will be made by adjusting the carrying exchange rate of your open position.

The adjustment varies dependent on the currency pair, the applicable rate in the interbank markets according to the period of rollover, the size of the position and the City Index spread that is applied.

Tables

	Margin Requirement Percentage	Rollover Rates
FX CFDs	0.5~1.5%	The applicable rate in the Interbank markets according to the period of rollover and the City Index spread that is applied at our discretion.

INDEX CFDs	Margin Requirement Percentage	Financing Spread	
		Long	Short
AUS200	0.5%	+3%	-3%
Japan 225	0.5%	+3%	-3%
Hong Kong 40	2.0%	+3%	-3%
Europe			
UK100	0.5%	+3%	-3%
France 40	2%	+3%	-3%
Germany 30	0.5%	+3%	-3%
EU Stocks 50	2%	+3%	-3%
United States of America			
US SP500	0.5%	+3%	-3%
US Tech 100	0.5%	+3%	-3%
Wall Street	0.5%	+3%	-3%

CFDs	Minimum Deal	Contract Value	Min Tick	Tick Value
INDEX CFDs				
AUS200	1	1 x Index Price	1	1 AUD
Japan 225	100	1 x Index Price	1	100 JPY
Hong Kong 40	1	1 x Index Price	1	1 HKD
Europe				
UK100	1	1 x Index Price	1	1 GBP
France 40	1	1 x Index Price	1	1 EUR
Germany 30	1	1 x Index Price	1	1 EUR
EU Stocks 50	1	1 x Index Price	1	1 EUR
U.S.A				
US SP500	1	1 x Index Price	1	1 USD
US Tech 100	1	1 x Index Price	1	1 USD
Wall Street	1	1 x Index Price	1	1 USD
Bullion				
GOLD	1	1 troy oz.	10 cents	10 cents
SILVER	100	1 troy oz.	½ cent	50 cents

10.6 Administration fees

City Index may charge you for the following administration services:

Facility	Fee (inc GST)
Withdrawals	
Overnight payments	\$A Nil
Same Day	\$A11.00
Foreign Currency Telegraphic Transfers	\$A12.50
Duplicate Statements by post	\$A10.00
Telephone Conversations Transcripts	Upon application*
Audit Certificates	\$A45.00
Debt Collection	1 st Call \$A38.50 2 nd Call \$A60.50

Fees for Telephone recordings will be charged on the basis of City Index costs, and because these costs may vary depending on the number and length of the conversation and on the time and date of the recordings etc., the amount, maximum limit and their calculation method of the fees are not provided in this column.

No charge is levied for duplicate statements requested and forwarded electronically.

10.9 Interest on Account Balances

Ledger balances are created in foreign currencies when profits or losses are realised on instruments denominated or priced in currencies other than a Client’s Base Currency.

Balance on Ledger	Conditions	Interest Rate
Credit Balance	Interest is not currently paid on Credit Balances.	Not applicable
Debit Balance	Interest is charged on any debit balance.	Official borrowing rate of the respective currency plus 4%

Clients may contact our Client Services Department for the current interest rate.

10.7 Minimum Equity Balance

There is no minimum account balance required to maintain an account with City Index.

However, to maintain open positions Clients are reminded that if their Margin Level falls below the Margin Close Out Level all positions may be closed.

Refer to Section 8.6 of the Product Disclosure Statement for more details.

10.8 Minimum Account Balance

To maintain access to the ITP software Clients are requested to maintain a minimum account balance of USD200 (or the currency equivalent). By doing so, Clients will retain access to all of the adjunct services available within the trading platform.

If your access to the platform is suspended it may be reactivated simply by contacting one of the Client Services consultants.

11. Taxation Considerations

11.1 Introduction

If you trade in City Index Products, you may be subject to Australian taxation. This Section outlines the main Australian income tax and GST implications of trading in our Products.

The information contained in this Section is of a general nature only and is not intended to constitute legal or taxation advice. **The taxation implications of your investment will depend on your own individual circumstances and City Index recommends that you obtain independent professional taxation advice on the full range of taxation implications applicable to your own personal facts and circumstances.**

Taxation laws are complex in nature and their interpretation and administration may change over the term of your investment. We will not advise you of any changes in taxation laws should they occur. You must take full responsibility for the taxation implications arising from your own investment, and any changes in those taxation implications during the course of your investment.

The information provided below is for Australian resident investors only and is based on the taxation laws in Australia current as at the date of this PDS. If you are not an Australian resident, you should consult a taxation advisor in your own jurisdiction to determine the tax consequences of trading with City Index.

The information in this section is based on the assumption that you will hold CFDs or Margin Foreign Exchange contracts on revenue account. This means that you will be carrying on a business of trading or investing in these financial products, and/or you will enter into them for the purpose of making profits. We have not considered the taxation position if you enter into transactions for the purposes of hedging risks associated with other securities held by you on capital account.

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

11.2 Tax consequences of CFDs

The taxation of contracts for difference is set out in ATO Tax Ruling TR 2005/15. Under TR 2005/15, if you enter into a contract for difference in the ordinary course of your business or for profit-making purposes, it is likely that any profit derived or loss incurred by you will be included in, or allowed as a deduction from, your assessable income. Any profit or loss arising in respect of an Index CFD should be included in your assessable income (or allowed as a deduction) at the time the profit or loss is "realised" for tax purposes. Realisation will generally occur at the time the Index CFD is closed out.

Ordinarily, contracts for difference trades would be entered into for a profit making purpose. However, where a contract for difference is not entered into for a profit making purpose, the ATO may consider the transaction as an unusual form of recreational gambling. Proceeds from gambling are generally not subject to tax unless you are carrying on a business of gambling. In the ATO's view, "gambling" refers to activities involving primarily chance which have a recreational or sporting character, and not the more technical legal meaning of wagering or the more popular meaning of mere risk taking. Ultimately, the nature of the proceeds an investor derives from trading Index CFDs will depend upon the particular circumstances of the investor.

11.3 Capital Gains Tax

Index CFDs and Margin Foreign Exchange contracts may constitute a capital gains tax (CGT) asset held by you for the purposes of applying the CGT provisions to any capital gain or capital loss realised by you. However, to the extent that a gain arising as a result of a CGT event in relation to Index CFDs or Margin Foreign Exchange contracts is included in your assessable income outside the CGT provisions, the capital gain resulting from the CGT event will be reduced. Similarly, to the extent that any loss incurred in respect of transactions is deductible, the deductible amount will not contribute to a capital loss for you.

11.4 Treatment of Daily Financing Fees

Any Daily Financing Fee credited to you is likely to be included in your assessable income at the time it is credited to your account. If you do not provide your TFN (or ABN if applicable) or proof of exemption, City Index may be required to withhold tax from any payment at a rate of up to 46.5%.

11.5 Expenses

Certain expenses incurred by you in connection with trading in our Products may be deductible to the extent that they are incurred for the purpose of deriving your assessable income. The deductibility of these expenses will depend on your own personal circumstances. You should obtain your own advice as to whether such expenses will be deductible to you.

11.6 Taxation of Financial Arrangements

New rules have recently been introduced which will set out the method by which gains and losses from financial arrangements will be brought to account for tax purposes (referred to as the Taxation of Financial Arrangements (TOFA) rules).

The TOFA rules will apply to financial arrangements held by certain investors whose assets or aggregated turnover exceeds specified thresholds. The TOFA rules will also apply to investors who have made an election to apply the TOFA rules to their financial arrangements. If the TOFA rules apply to you, we recommend that you seek advice in relation to the taxation treatment of Index CFDs and Margin FX contracts.

11.7 Goods and Services Tax

No GST should be payable in relation to your trading with City Index. This is on the basis that our Products (including some ancillary costs) are considered to be "financial supplies" under the A New Tax System (Goods and Services Tax) Act 1999. Consequently,

they are input taxed and no GST is payable on their supply.

GST may apply to certain fees and costs charged to you. You should obtain your own advice as to whether an input tax credit is available for any such GST, as it will depend on your personal circumstances.

11.8 Corporate Actions

As an Index CFD is unlikely to be treated in the same way as shares, any Cash Adjustment received by an investor is likely to be considered income or expense.

11.9 Interest payable to foreign residents

No interest is paid on credit balances exceeding the qualification level to accounts held by foreign residents.

However, debit balances are charged at a rate determined by City Index from time to time and specified on your daily statement. Clients may contact the Client Services Department for details of the applicable interest rate charged on debit balances to their Account. City Index may vary the applicable interest rate at any time.

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12. Dispute Resolution

We aim to provide a high standard of service; however, we do recognise that occasionally we will not live up to your expectations.

If you have any query relating to the conduct of your account you should contact our Account Management team as soon as possible. This is particularly important in the case of a potential dispute over a transaction or order.

12.1 Dispute Resolution Procedure

A copy of our dispute resolution procedure and details on how to lodge a complaint can be found on our website www.cityindexasia.com.

12.2 Financial Ombudsman Service

City Index is a member of the Financial Ombudsman Service (FOS). Complaints that cannot be resolved via the internal procedure detailed on the web will be referred on to FOS:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Internet: www.fos.org.au

In most cases FOS will then facilitate discussion and, as appropriate, negotiation between the parties. Each dispute is taken on its merits and as such requires time and effort to investigate the issues raised. If the dispute cannot be resolved through discussion, FOS may facilitate conciliation between the parties. The conciliation will attempt to assist the parties to identify and discuss the issues in dispute, settle the dispute and agree on the terms of such settlement.

If conciliation does not result in a resolution of the dispute, it can be referred to an independent adjudicator or to a panel to make a determination.

As a member of FOS, any determination by the adjudicator is binding on us if you accept it. However, it is not binding on you and if you decide not to accept the decision, you may pursue your dispute against us in another forum.

The services provided by FOS are free of charge. Further information on FOS can be found on their website www.fos.org.au.

12.3 ASIC Infoline

You can also call the ASIC freecall infoline on 1300 300 630 to find out about your rights to complain or to make a complaint.

13. Privacy Statement

This Privacy Statement explains how we collect personal information and then maintains, uses and discloses that information. It also provides some detail about our Clients' rights.

13.1 Personal Information

City Index recognises the importance of your privacy and abides by the National Privacy Principles (NPP) contained in the Privacy Act 1988. City Index uses appropriate and lawful means to obtain Client personal information,

We may collect information from you such as your name, address, phone number, email address, age and information regarding products and services you inquire about or trade with us. We may collect this information when you give it to us directly in your Application Form, when you use our products and services, call us or visit our website so that we may conduct business with you. We are also required under the AML/CTF Act to collect personal information about you prior to the opening of a trading account with us and we may also be obliged to collect additional personal information about you on an ongoing basis.

Client personal information is strictly maintained in accordance with the Australian laws concerning the protection of personal information, guidelines issued by the competent authorities, and this Privacy Statement.

Except where permitted by relevant laws, we will not obtain, use or provide to third parties information about race, religious beliefs, family origin, legal domicile, health care or criminal history, or other sensitive information.

13.2 How we use personal information

City Index will use the personal information that we have obtained only to the extent required in the course of business and, except where stipulated by law, it will not be used beyond what is necessary for this purpose of use.

Why is Information Required?

We have requested the information required in the Application to determine whether we will deal in City Index Products with applicants. That information together with the information collected and maintained by us during the course of our relationship is required to keep Clients updated on matters such as Client dealings, margin obligations, Account funds and possibly other activities of the City Index Group. City Index also requires the information to manage and administer the products and services provided.

In addition, we may use personal information to the following extent:

- To solicit, market, and advise on our products and other financial products and services handled by City Index;
- to verify the identification of Clients (including verifying the identity of the responsible individual at a business Client and verifying the identity of persons acting on a Client's behalf);
- to provide information regarding the status of dealings, the results of dealings, and the balance of funds on Account;
- to enforce internal controls;
- to undertake administrative tasks;
- to research and develop financial products and services by conducting market research, data analysis, and surveys;
- to conduct sales and marketing activities including Client development;
- to conduct research and development on the products that we offer by using market research, data analysis and surveys;
- in the event that we are asked to fully or partially process personal information on behalf of another business, to do whatever is necessary to appropriately complete this work;
- to exercise our rights and perform our responsibilities under the Customer Agreement and relevant laws;
- to furnish reports, submissions and research necessary in the course of supervision by competent authorities, exchanges, and self-regulatory bodies;
- to present various proposals concerning financial products and various services by City Index and its group companies;
- to provide guidance concerning the products and services of our group companies and partner companies; and
- to otherwise ensure the smooth and appropriate execution of dealings with City Index and administrative tasks.

Sharing Information

We may also share personal information with affiliates to the extent specified below:

Types of data that may be shared:

- Name, Address, Age, financial markets experience and financial assets;
- Information about dealing positions.

Why information is shared:

- so that our affiliated companies can provide information about products and services;
- so that our affiliated companies can prepare and send relevant investment information and market news;

- so that we can jointly undertake research and development on financial products and services by conducting market research, data analysis, and surveys;
- for use in business analysis at our holding company;
- to market City Index Products and services;
- to enhance understanding of City Index' products and services;
- to determine whether City Index will approve a Client application

Related Companies

Affiliated companies with which we share information:

- City Index Limited
- City Index Asia Pte Ltd
- FXSolutions LLC
- City Index Holdings Limited
- City Index LLC

External Parties

We may also be required to provide your personal information to regulatory agencies and other government institutions and regulatory bodies.

City Index may provide personal information to:

- courts, arbitrators and other dispute resolution bodies;
- external service providers and professional advisers (which may be located overseas) that provide services to us;
- any actual or potential delegate or assignee as referred to in the Customer Agreement; and
- any organisation which Clients request us to or any persons acting on a Client's behalf, including financial adviser, broker, solicitor or accountant.

Entrusting personal information to outside contractors

In order to ensure the smooth execution of the tasks needed to achieve the intended purposes, we may entrust some tasks to outside contractors and provide necessary personal information to these outside contractors. When outside contractors are used, City Index will undertake the necessary and appropriate supervision of such contractors (and subcontractors).

Disclosing and providing personal information to third parties

We will not disclose or provide your personal information to third parties without obtaining your consent in advance, except where permitted by law, such as entrusting personal information to another party to the extent necessary to achieve purposes of use, or pursuant to laws and regulations.

Disclosing and providing personal information to third parties

We will not disclose or provide personal information to third parties without obtaining consent in advance, except where permitted by law, such as entrusting personal information to another party to the extent necessary to achieve purposes of use, or pursuant to laws and regulations.

13.3 Party responsible

City Index has responsibility for the administration of this personal information.

We will take all reasonable steps to protect Client personal information from misuse, loss, unauthorized access, falsification, or leaks.

13.4 Websites

When submitting an application form (online or otherwise) or other documents or when visiting our website or dealing in our products, City Index will collect and retain this information.

We also collect statistical information about visitors to our websites such as the number of visitors, pages viewed, types of processes executed, time online and documents downloaded. This information is used to evaluate and improve the performance of our websites. Unless Clients have provided information to us, we do not collect any personal information through our websites other than statistical information.

You should also be aware that we use cookies on our websites. A cookie is a small amount of data, which often includes a unique identification number or value that is sent to your browser from a website's computer and stored on your computer's hard drive. Each website can send its own cookies to your browser if your browser allows it. However, to protect privacy, your browser only allows a website to access the cookies it has sent to your computer.

Cookies are used on our websites to collect the aforementioned statistical information and so that Clients can access their Accounts on-line. When accessing Accounts on-line a cookie will be created which uniquely identifies the computer, username and password. This eliminates the need to re-enter the aforementioned data each time Accounts are accessed online.

Most internet browsers are set up to accept cookies. If Clients do not wish to receive cookies, they may be able to change the browser settings to refuse all cookies or have their computer notify them each time a cookie is sent, thereby giving the choice whether to accept it or not. If Clients reject all cookies, they will be unable to access Accounts on-line. Clients can also delete cookies from computers after they have been created.

13.5 Telephone conversations

City Index may record telephone conversations. Such recordings, or transcripts from such recordings, may be used to resolve any dispute.

Recordings or transcripts made by City Index may be destroyed under our normal practice. Ordinarily, but not necessarily, this is two months after the date on which the conversation occurred.

13.6 What are your rights?

Please contact us if you are uncertain or dissatisfied in any area with respect to your privacy.

Disclosure procedure for personal information

When asking that we disclose information that we hold about Clients, please call our Client Services department or contact **clientservices@cityindex.com.au** via email. We will ordinarily respond within 14 days after verifying the request, except in cases where disclosure is deemed unnecessary under the law. If the request is complex, a longer time may be needed, in which case we will advise you of the time required.

Correction of Information

Clients are asked to promptly notify City Index of any changes to their personal information. This will

ensure that personal information held is up to date and enable us to keep Clients informed of the continuing circumstances of Accounts, margin obligations and trading activities.

You may ask us at any time to correct personal information held by City Index, which is inaccurate.

Questions and opinions concerning the handling of personal information

We will respond promptly and appropriately when we receive questions or opinions concerning FX Solution Australia's handling of personal information from our Clients, such as on our measures for ensuring the security of personal information.

Please submit any questions, opinions or complaints concerning our handling of personal information to the Client Services Department.

13.7 Privacy Statement Reviews and Revisions

We will review the features of this statement as needed, and may revise it depending on circumstances such as amendments to relevant laws and changes in the information technology environment.

14. Other matters you should note

14.1 The Customer Agreement

This Product Disclosure Statement describes FX Solution Australia's products and services and summarises many important elements of the Customer Agreement. However, it is not a comprehensive description of all terms and conditions and Clients must refer directly to the Customer Agreement.

The Customer Agreement is the terms and conditions under which we offer City Index' Products and deal with you. The Customer Agreement also provide for the following:

- the terms and conditions that apply to each FX Solution Product;
- your obligations to us;
- our rights and obligations (including our rights should you default on your obligations). Our rights include the right to close out some or all of your positions; and
- the methods used to calculate amounts with respect to your Account.

City Index may, at its discretion, amend or vary the Customer Agreement or withdraw in whole or in part any account facility by providing 10 Business Day's notice or, in specified circumstances, without prior notice. This is set out in the Customer Agreement.

You should read the Customer Agreement in its entirety.

14.2 Australian law governs Customer Agreement

The Customer Agreement and all contracts and transactions with City Index will be governed and construed in accordance with the laws of the Commonwealth of Australia and be subject to the Courts of New South Wales.

14.3 Anti-Money Laundering and Counter-Terrorism Financing legislation

By issuing our Products City Index is regulated under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) as a provider of "designated services" that is, services that are subject to the provisions of the AML/CTF Act.

The AML/CTF Act regulates financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. Under the AML/CTF Act, City Index is required to

verify your identity before providing services to you, and to re-identify you if it considers it necessary to do so, and to keep any documents verifying your identity for a period of 7 years.

As a result of the measures and controls that have been implemented to ensure compliance with the AML/CTF Act, City Index may decide to refuse any transactions on your account or to freeze your funds if there are reasonable grounds to suspect that the transaction breaches the law, and City Index will be not be liable for any loss you suffer (including consequential loss) as a result of its compliance with the AML/CTF Act.

City Index has certain reporting obligations under the AML/CTF Act and is prevented from informing you that any such reporting has taken place. Where required by law, City Index may disclose the information gathered to regulatory or law enforcement agencies including AUSTRAC.

14.4 Daily statements

You should verify the content of each document prepared by City Index. Such documents will, in the absence of manifest error, be conclusive unless the Client notifies us of an objection in writing within 48 hours of receiving such document.

Under the Customer Agreement the 48 hours begins from the time we send an email to your personal email address notifying that the Statement is available in the ITP.

14.5 Client's obligations

Your obligations under the Customer Agreement, including, but not limited to, monitoring your positions and maintaining the required Total Margin at all times, apply continuously, 24 hours a day.

14.6 Security

If you are aware or suspect that your username, account number, user ID or password have been leaked then you should contact us promptly so that they may be changed.

14.7 Key times, dates & events

It is your responsibility to be aware of key dates and events in relation to the City Index Products.

14.8 No interest in Underlying Instrument

Neither you nor we acquire any interest in or right to acquire the Underlying Instrument of any City Index Product that is traded between both parties. Moreover, neither party is obliged to sell, purchase, hold or deliver or receive the Underlying Instrument.

14.9 Pricing errors

If errors occur in the prices of City Index' Products quoted, neither party without prejudice to any rights it may have under statute or common law will be bound by any dealing which purports to have been made (whether or not confirmed by us) at a price which was, or ought reasonably to have been, known to either party to be materially incorrect at the time of the dealing.

14.10 Sharing of Fees and other amounts

City Index may share fees, the dealing spread, financing charges and other charges with its

associates or other third parties or receive remuneration from them in respect of contracts entered into by City Index with you.

14.11 Clients may be treated differently

City Index in its absolute discretion may quote different prices, and charge fees, financing charges and other charges at different rates, to different Clients.

14.12 Other considerations

City Index does not take into account labour standards, environmental, social or ethical considerations for the purpose of dealing in City Index' Products with you, other than dealing with you in a fair and equitable manner.

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15. Glossary

Below is a list of some words used in this PDS and their meanings. The Customer Agreement defines many terms and expressions and you should refer to them if in any doubt about the meaning of any term or expression.

Account

Means any account that we maintain for you for dealing in the Products made available under the Customer Agreement and in which your Cash, Margin Requirements and Margin Payments are held and to which Realised Profits and/or Losses are credited or debited.

Application Form

An application form to open an Account with City Index.

Authorised Person

The Client and/or any person authorised by the Client to give instructions to City Index under the Customer Agreement, including a person under a limited power of attorney or representative authorisation.

Base Currency

The currency you have nominated as being the denomination for the Account.

Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney, Australia or any day on which the exchange or market in which the relevant Underlying Instruments are listed or traded, whichever is applicable, is open for trading, and will exclude any day on which all trading on the relevant exchange or market is closed or suspended.

Cash Dividend

The cash dividend or distribution declared only and does not include any Imputation Credits attached to a dividend or distribution.

City Index Exchange Rate

The foreign exchange rate as City Index may reasonably determine from time to time having regard to current market rates and which is available to the Customer from City Index on request. This rate may be different to the price quoted by City Index for a FX CFD.

City Index Products

The products that City Index offers to its Clients from time to time under the terms and conditions of the Customer Agreement.

City Index Rollover Rate

The rate as City Index may determine from time to time having regard to interbank rates for rollovers.

Close of Business

Means 17:00 New York; 22:00 GMT (07:00 Australian Summer or during US Summer Time 21:00 GMT and 09:00 AEST).

Client or Customer

Means a person whose application to deal with City Index is accepted and maintains an Account.

Customer Agreement

City Index's contract detailing the rights and obligations of each party.

Contract for Difference (CFD)

A contract with City Index whose value fluctuates by reference to fluctuations in the price of an Underlying Instrument.

Contract Note

A document confirming a trade with respect to a City Index Product.

Events of Default

Has the meaning defined in the Customer Agreement and includes a Client failing to meet their Margin Requirement.

Financing Rate

The City Index rate used to calculate Financing on CFD positions that remain open overnight.

Financing Spread

This is the spread applied to the Reference Rate to determine the Financing Rate used to calculate the Daily Financing Fee.

Force Majeure Event

Has the meaning defined in the Customer Agreement and includes the suspension of or closure of any index, market or exchange.

FX

Foreign Exchange, either a rate of exchange between to currencies or a currency itself.

Good 'til Cancelled (GTC) Order

An instruction that the order does not expire at the end of the trading day.

GMT

Greenwich Mean Time.

Grossed-up Dividend

The grossed-up amount of the dividend is the sum of the Cash Dividend plus any Imputation Credit attached to the Cash Dividend that a person who owns the underlying security is entitled to.

Limited Hours Trading means the ability of the Client to trade City Index Products only during such hours as the relevant exchange is open.

Limit order

An order to buy or sell a specified amount of a security at a specified price or better.

Long Party

The party that has bought the relevant City Index Product.

Margin Call

A demand for additional funds to be deposited in a margin account to meet margin requirements because of adverse price movements.

Margin FX Contract

Means a Foreign Exchange contract in an over-the-counter market between City Index and a customer.

Market

A contract we make available which is comprised of a unique set of price information, minimum and maximum Quantity, expiry and other commercial features determined by reference to an Underlying Instrument

Market Order

An order to buy or sell a City Index Product immediately at the prevailing Our Price.

Margin Requirement

The amount of money that you are required to deposit with us as consideration for entering into a trade and maintaining an Open Position.

Net Equity

The aggregate of all currency balances in your account and any unrealised profits or losses.

Our Bid Price

The lower of two prices we quote for each Market.

Our Offer Price

The higher of the two prices we quote for each Market.

Our Price

Our Offer Price and Our Bid Price for each Market.

Quantity

The amount of units traded in a Market.

Reference Interest Rate

The interest rate for each respective currency used by City Index to calculate the Financing Rate applied to Index CFD positions held overnight.

Short Party

The party that has sold the relevant City Index Product.

Stop-entry order

An order placed to open a new position or increase an existing position at a price which is inferior to the current market price.

Stop-loss order

An order that allows you to control any potential losses on a position should the market move against you.

Total Margin

Means a figure stated on the Trading Platform which represents the aggregate of the Margin Requirements on your Account.

Trade

A transaction entered into by you with us pursuant to our Customer Agreement.

Trading Resource

Means your Net Equity less your Total Margin.

Transaction Fee

A transaction fee charged by City Index for execution services.

Underlying Instrument

The index, commodity, currency or other instrument, asset or factor whose price or value provides the basis for us to determine Our Price for a Market.

We, us or City Index

Means City Index Australia Pty Ltd.

You

Means the Customer.

Customer Agreement

City Index Australia Pty Ltd

ACN 141 774 727

AFSL 345646

Date of Issue 25 June, 2010

This Customer Agreement is dated _____ between City Index Australia Pty Ltd. ACN 141 774 727 of Level 15, Chifley Tower, 2 Chifley Plaza, Sydney NSW 2000 Australia (**City Index**); and the Customer named in section 2 of the Application Form (**Customer, you**)

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Account means a Trading account that you hold with us where we require you to make a cash deposit sufficient to cover the Initial Margin and any Margin for each Trade that you make;

Agreed Rate means the rate posted on the Website or the ITP and will vary depending upon the Underlying Instrument.

Agreement means this agreement as varied from time to time;

Application Form means the application form completed or to be completed by you which is attached to and forms part of this Agreement;

ASIC means the Australian Securities and Investments Commission;

Cash Equity means the cash balance of your account;

CFD means our City Index CFD Contract;

Clearing House means the clearing house or clearing facility appointed as clearing house or clearing facility by a Market and/ or under the Corporations Act;

Client Money means money as defined in section 981A of the Corporations Act as amended from time to time;

Client Money Rules means the rules relating to Client Money in the Corporations Act;

Contract means a City Index CFD Contract or a City Index FX Contract.

Contract for Differences means an over-the-counter derivative product which is settled by the parties respectively paying and agreeing to accept payment of the difference between the opening price and the closing price.

Contract Note means a written notification of a Trade or Trades, having the content, and sent to you at a frequency, in accordance with our standard procedures, and in accordance with the Corporations Act.

Corporation has the meaning given in the Corporations Act;

Corporations Act means the Corporations Act 2001 of the Commonwealth of Australia;

Event of Default has the meaning given in clause 15;

Force Majeure Event means, but is not limited to, any of the following:

- a. any act, omission event or circumstance beyond our control such as strike, riot, terrorist attack or other crime, civil unrest, war, evacuation of premises, or failure of the supply of communications or other infrastructure which in our reasonable opinion prevents us from maintaining an orderly trading market;
- b. the suspension or closure of any index/market/exchange, or the abandonment or failure of any event upon which we base, or to which we may relate our quotes, with the result that we are in our reasonable opinion unable to maintain an orderly trading market;
- c. the imposition of trading limits or special or unusual terms in the underlying exchanges upon which the instrument relating to CFD Contracts are quoted with the result that we
 - a. are in our reasonable opinion unable to maintain an orderly trading market;
 - d. the occurrence of excessive movement or loss of liquidity in the underlying exchanges upon which the instrument relating to CFD Contracts are quoted, with the result that in our reasonable opinion we are unable to maintain an orderly trading market;
- e. the events described in paragraphs (c) and (d) above occurring in respect of an individual share or group of instrument in respect of which CFD Contracts are quoted;
- f. the occurrence of any technical or mechanical failure, or power failure, or any failure the result of which is that our computing equipment does not function fully, or any other failure whatsoever, so long as the result of the failure in question is that we in our reasonable opinion in all of the circumstances prevailing at the time believe that it would be imprudent for us to allow normal trading to continue; and
- g. we reasonably believe that any one or more of the circumstances set out in paragraphs (a) to (f) is or are about to occur;

Foreign exchange contract or fx contract means an agreement between two parties to exchange one currency for another currency at an agreed exchange rate on a predetermined date, which may be either the same day or a future date.

City Index CFD Contract means any CFD that we make available to you from time to time under this Agreement;

City Index Foreign Exchange Contract or City Index FX Contract means any fx contract that we make available to you from time to time under this Agreement;

GTC has the meaning given under the definition of "Limit Order" below;

CIA means City Index Australia Pty Ltd (ACN 141 774 727) (AFSL 345646);

Initial Margin means the sum that we require you to deposit with us in order to open and maintain a CFD Contract or Margin FX Contract;

Insolvency Event means the appointment of a receiver, receiver and manager, administrator, trustee or inspector, or other person with similar powers in respect of a company or over all or any part of that company's assets;

ITP or Internet Trading Platform means all systems we make available from time to time whereby you Trade with City Index;

Limit Order means an instruction to us to open or close a Contract (or part of a Contract) when the price is better than the current price. A Limit Order may be "Good Till Cancelled" (GTC) which means the order remains valid until it is executed or you cancel the order or the Contract to which it relates is closed;

Liquidate or Liquidated means that your positions are closed out.

Margin Foreign Exchange Contract or Margin FX Contract means an fx contract in an over-the-counter market between City Index and you to exchange one currency for another currency at an agreed exchange rate, and which will be subject to Initial Margin obligations.

Marked to Market means the method of valuing an open trading position on an ongoing basis.

Market includes any commodity or currency or futures or financial or stock exchange or market or facility inside or outside Australia, and any market conducted between principals or brokers by telephone, telex or through any electronic means of communication;

Market Information Sheets means the market information sheets available from the Website;

Market System means any computer system utilised by any Market or Clearing House;

Non-guaranteed Order means any order that is not a Guaranteed Order;

Open Trade Equity means the net sum that would be debited or credited to your account if you closed all of your open Trades at the prevailing price in the market (or, if the exchange for any of the underlying instruments is closed at any time, the price at which it last closed);

Related Entity has the meaning ascribed to it in section 9 of the Corporations Act;

Retail Customer means a customer who is a retail client of City Index within the meaning of section 761G of the Corporations Act;

Stop Loss Order means an instruction to us to close a Contract (or part of a Contract) at a price which is worse than the current price when viewed in the context of your open Contract. A Stop Loss Order may be GTC;

Tax means any state or federal tax, duty or impost which any party to this Agreement becomes, or may become, liable to pay;

Trade means a transaction or intended transaction, or the position established as the result of such a transaction, in a Contract by us on your account, including but not limited to the opening, placing, moving, closing out, or correcting a position or filling a Limit Order or a Stop Loss Order;

Trading Facility means a facility (which may be electronic) by which Trades may be made on any Market, and includes the ITP;

Underlying Instrument means the financial instrument, currency, security, commodity or index from which the Contract derives its price.

We means City Index Australia Pty Ltd trading as City Index;

Website means the City Index website www.cityindexasia.com

Website Problems or ITP Problems include without limitation:

- (a) any difficulty you have in communicating through the Website or the ITP;
- (b) receipt by you of misleading or inaccurate information from the Website or ITP, including information about prices;
- (c) any disruption to your ability to open or close Trades;
- (d) any inability by you to receive messages that we have sent to you; and
- (e) other failures in the operation of the Website or ITP.

You means the Customer identified in the Application Form.

1.2 Interpretation

Except where the context otherwise requires:

- a) where a party to this Agreement has a discretion or absolute discretion this means that the party may exercise or not exercise a right or remedy, including the making or not making of any determination, in its absolute discretion;
- b) a reference to time is a reference to Eastern Time in the United States of America;
- c) a reference to any Act, regulation, rule or similar instrument includes any consolidations, amendments or re-enactments and replacements of it, and any regulation or other statutory instrument issued under it;
- d) a reference to the singular includes the plural and vice versa;
- e) a reference to a gender includes a reference to each gender;
- f) a reference to a party or a person includes that party's or person's executors, legal personal representatives, successors, liquidators, administrators, trustees in bankruptcy and similar officers and, where permitted under this Agreement, their substitutes and assigns;
- g) an agreement on the part of, or in favour of, two or more persons binds or is for the benefit of them jointly and severally;
- h) a reference to "this Agreement", or to "the Australian Customer Agreement" includes the body of the Agreement together with the Application Forms and all schedules and annexures to the Agreement,;
- i) a reference to a section, clause, subclause or paragraph is to the referenced section, clause, subclause or paragraph of this Agreement;
- j) where a word or expression has a defined meaning, its other grammatical forms have a corresponding meaning; and
- k) a reference to writing includes a reference to electronic means of representation.

2 INTRODUCTION

2.1 This Agreement sets out the terms and conditions of Trading in City Index CFD Contracts and City Index Margin Foreign Exchange Contracts, and together with the Application Form forms an enforceable and binding contract between you and City Index.

2.2 You acknowledge that:

- a) you understand the nature of the Contracts, the terminology and jargon commonly used in relation to Trading the Contracts and the procedures for opening and closing Trades;
- b) you are familiar with all the terms that are or may become relevant to your Trade or Trades, especially terms relating to Initial Margin, spreads, trading hours, and all other terms that may affect your liability to us or our liability to you; and
- c) if you are a resident of Australia, City Index has given you a Product Disclosure Statement (PDS) relating to its Contracts, and its Financial Services Guide (FSG).

2.3 You acknowledge and agree that we only carry out your Trading instructions and that we owe you no duty of care in respect of the suitability of your Trading with us nor do we provide any information relating to your intended or actual Contracts. Our employees are not authorised to offer personal advice to you. Personal advice is advice given or directed to a person in circumstances where

- a) the provider of the advice has considered one or more of the person's objectives, financial situation and needs; or
- b) a reasonable person might expect the provider to have considered one or more of these matters.

If any person employed by us should offer any personal advice to you, that advice is given in breach of that person's contract of employment and without our authorisation and we accept no responsibility or liability in respect of it; and

2.4 You agree that all Trades are made at your own risk. You agree and acknowledge that you will rely solely upon your own judgment in all aspects of your Trading with us. We will not owe you any duty of care to monitor the size or performance of your Trades or to prevent you from Trading beyond your means or ability, or otherwise to protect you from risk.

3 AUTHORISATION

We will open one or more Accounts in your name at City Index to carry your Contracts. You authorise City Index to purchase and sell Contracts for your Account in

accordance with your instructions received through the ITP or via telephone to the City Index trading desk (the "Trading Desk") with City Index acting as principal (and not as agent), subject to the terms of this Agreement. City Index will also provide such other services and products as agreed upon between City Index and you. You acknowledge that City Index CFD Contracts and City Index FX Contracts are not traded on or guaranteed by a regulated exchange or any clearing house and accordingly, acknowledge that trading in Contracts is not subject to the same regulatory or financial protections as is trading in futures contracts or other contracts traded on a regulated exchange. You represent and warrant that:

- a) you understand that as counterparties each of You and we will be relying on the creditworthiness of the other;
- b) each Contract will be individually negotiated as to its material economic terms; and
- c) City Index is not acting as an investment adviser, commodity trading advisor or fiduciary with respect to you or the Account.

4 PROVISION OF DISCLOSURE DOCUMENT TO AUSTRALIAN RESIDENTS

If you are a resident of Australia, you acknowledge that the FSG and PDS and any amendments to those documents, or any Supplementary or replacement FSG or PDS will be made available to you on the Website, or may otherwise be obtained from City Index. City Index will notify you that the FSG or PDS has been amended by posting a notice on the Website.

5 ACKNOWLEDGMENT OF RISKS AND CONFLICTS OF INTEREST

You acknowledge that trading in Contracts is a speculative activity involving leverage and rapidly fluctuating markets. Despite such risks, you are willing and able to assume the financial risks and other hazards of trading in such Contracts. You recognise that guarantees of profit or freedom from loss are impossible in contracts for differences and foreign exchange trading. You acknowledge that you have received no such guarantees from City Index or from any of its representatives or any introducing broker or financial advisor and have not entered into this Agreement in consideration of or in reliance upon any such guarantees or similar representations. You also acknowledge receipt of separate written disclosure concerning conflicts of interest between City Index and any third party, such as your financial advisor or introducing broker, and you specifically consent to the relevant persons continuing to act notwithstanding any such conflict of interest. If you are a resident of Australia, you further acknowledge that you have read and understand the PDS and the risk disclosure statements contained therein.

6 FOREIGN CURRENCY FLUCTUATION RISK

If any transaction for your Account is effected in any Market on which transactions are settled in a foreign currency:

- a) any profit or loss arising as a result of a fluctuation in the rates of exchange for any currencies used for trading (including your domestic currency) shall be entirely for your Account and risk;
- b) all initial and subsequent margin deposits required by City Index shall be in the currencies accepted by City Index; and
- c) City Index is authorised to convert funds in your Account into and from such foreign currency at rates of exchange prevailing at the banking and other institutions with which City Index normally does business.

7 SETTLEMENT, ROLLOVER AND DELIVERY

City Index may, in its absolute and sole discretion and without notice to you, offset your open positions, roll over your open positions into the next settlement time period, or make or receive delivery on your behalf upon any terms and by any methods deemed reasonable by City Index. Terms and/or methods for delivering, offsetting, or rolling over your open positions may differ on a customer-by-customer basis, at City Index' absolute and sole discretion. Any foreign exchange positions held in your account at 5pm Eastern Time may be rolled over to the next settlement date and your Account may be debited or credited for the interest differential for the rollover period. Any CFD positions held in your account from 5pm to 5:30pm Eastern time may be rolled over to the next settlement date and your Account may be debited or credited the finance charge.

8 TRADING LIMITATIONS

City Index will attempt to execute all orders that it may, in its sole discretion, accept from you in accordance with your instructions received through the ITP or via telephone to the Trading Desk. You agree that City Index may, in its absolute and sole discretion, refuse to accept any order from, or enter into any Contract with you, including, but not limited to, in the event City Index believes that the acceptance of your order, or the entering into of such Contract with you, would be in contravention of any rule or law. In addition, City Index may at any time, in its absolute and sole discretion, limit the number or types of positions that you may maintain or acquire with City Index, and you agree not to exceed such limits. City Index is under no obligation to effect any transaction for your Account that would create positions in those accounts in excess of the limit City Index has set. If you exceed position limits imposed by City Index, we shall have the right to close out positions in excess of the applicable position limit.

9 PRICING INFORMATION

City Index will make available to you, by posting on the ITP or through the Trading Desk, bid prices and ask prices at which City Index is prepared to enter into Trades with you. City Index expects that these prices will be reasonably related to the bid prices and ask prices available in the market at that time for similar transactions, but City Index makes no warranty, express or implied, that bid prices and ask prices represent bid prices and ask prices then prevailing in the market. A number of factors, including but not limited to, communication system delays, high volume or volatility can result in deviations between prices quoted by City Index and other sources.

10 OPENING & CLOSING A CONTRACT

- 10.1 Your entry into a Contract does not entitle you to any rights in relation to the Underlying Instrument being Traded. In particular you will not be entitled to delivery of the Underlying Instrument, nor will you be obliged to deliver the Underlying Instrument, nor will you acquire any ownership or other such rights in relation to the Underlying Instrument.
- 10.2 You will be able to open or close a Contract and execute Limit Orders and Stop Loss Orders on a Contract opened with us via the ITP.
- 10.3 You may request a quote to open or close a Contract or otherwise give Trading instructions by telephone on one of our designated Trading lines.
- 10.4 A quote given to you by one of our traders is not an offer to contract. If you indicate that you wish to Trade at the price quoted you will be deemed to be making an offer to Trade at the quoted price and our trader will be entitled to confirm or reject that offer. No Trade will be effective unless and until such confirmation is given.
- 10.5 Upon opening an Account with us you will be given an internet specific password, which must be declared, together with your Account number, when you wish to access your Account. You will also be given an Account name, which must also be declared to access your account in certain circumstances. You will be deemed to have authorised all Trading under your Account number irrespective of whether the person using it for the purpose of Trading is using it with your authority, unless the Trade in question is not one that you in fact authorised directly or through a power of attorney and
 - a) the person using the Account number obtained it from us as a result of our negligence, or
 - b) we otherwise act negligently in accepting instructions on your Account.
- 10.6 We shall have no liability to you if the internet connection is lost with the result that you are unable to Trade at any given price.
- 10.7 When you Trade by telephone your instructions to open or close a Contract must be given to our trader during the same telephone conversation in which the quote was given.

We shall have no liability to you if this telephone conversation is interrupted before we receive an instruction from you to Trade on that quote, nor shall we be under any obligation to repeat the quote in a subsequent conversation.
- 10.8 You consent to:
 - a) the electronic recording of your telephone discussions with City Index, with or without an automatic tone warning device; and
 - b) use of recordings or transcripts from such recordings for any purpose, including, but not limited to, their use as evidence by either party in any dispute between you and City Index.
- 10.9 By clicking 'buy' or 'sell' on the ITP a message will be sent to our system indicating that you wish to Trade on the terms indicated. Alternatively, you may accept a quote to buy or sell by telephone. Your acceptance of the quote will in law constitute an offer by you to buy or sell at the price and trade size chosen. If you place your Trade by telephone you will receive confirmation that your offer has been accepted over the telephone, or by such other means as we decide if telephone contact is impeded for any reason, and your Trade will not have been placed and no Contract come into existence until we give you such confirmation.
- 10.10 You agree to pay:
 - a) all fees and costs at the rate notified by us to you in the Market Information Sheets; and
 - b) all charges to reflect the notional cost of financing your Contract overnight; and
 - c) any other fees or charges levied by us on you.
- 10.11 A Contract has no inherent limit to its duration and, subject to the payment of Initial Margin and other relevant sums, can continue indefinitely. Any Contract opened by you may be closed by us at the prevailing price if there is an Event of Default or for any other reason referred to in this Agreement.
- 10.12 You agree not to open or to run opposing CFD positions in the same market and an instruction to open CFD in a market where an opposing Trade is already open will automatically be deemed to be an instruction to close the earlier Trade. If you have more than one open Trade in the same market, closing trades will apply to them on a first opened first closed basis, unless otherwise agreed by us.
- 10.13 Subject to our having the right to refuse to accept Trades and/or to suspend Trading pursuant to any of the terms of this Agreement, you may Trade at any time when the exchange on which the underlying instruments are traded is open, and only at such times.
- 10.14 You acknowledge and agree that it may be the case that there is a wider difference between 'buy' and 'sell' prices you are

- quoted on closing a Contract than when it was opened.
- 10.15 You undertake and agree that a payment shall pass between us equal to the difference in value expressed in US dollars between the opening price of all Contracts and their closing prices. If you make a profit we shall pay a sum to you equal to that profit. If you make a loss you shall pay to us a sum equal to that loss.
- 10.16 We shall send you Contract Notes in respect of your Contracts. These will be posted to you or sent to you by email at the address provided in the Application Form.
- 11 MARGIN REQUIREMENTS**
- 11.1 You will at all times maintain such margins and premiums for your Account as required from time to time by City Index. CITY INDEX RESERVES THE RIGHT TO CLOSE POSITIONS WITHOUT NOTICE TO YOU IN ITS SOLE AND ABSOLUTE DISCRETION. Margin deposits shall be made by wire transfer (or by available methods permitted by City Index in its sole and absolute discretion) of immediately available funds and shall be deemed made when received by City Index. City Index' failure at any time to call for a deposit of margin shall not constitute a waiver of City Index' rights to do so at any time thereafter, nor shall it create any liability of City Index to you. City Index may increase or decrease applicable margin requirements at any time in its sole and absolute discretion upon notice. City Index shall not be required to pay interest on funds in your Account except as may be agreed upon in writing from time to time. City Index' Margin Policy reserves the right to close all open positions when the equity in an account falls below the used margin.
- 11.2 Once the equity in your Account falls below the used margin, (that is, the margin required to maintain all existing positions), ALL POSITIONS ARE LIQUIDATED at the prevailing market rates. In the case where a stop or limit (or entry stop or limit) is entered at the same price that would trigger a margin call, the margin call will be executed when that price is touched (or gaps through the price) and all pending orders attached to that trade will be cancelled. A MARGIN CALL, WHEN TRIGGERED, WILL TAKE PRECEDENCE OVER OTHER ORDER TYPES. City Index has implemented this policy in order to better protect clients during times of extreme market volatility.
- 12 NETTING PROVISIONS**
- 12.1 All Trades entered into between you and City Index will be subject to the following netting provisions:
- a) Netting by Novation. Each Trade made between you and City Index will immediately, upon its being entered into, be netted with all then existing Trades between you and City Index for the same paired Underlying Instrument in the same market having the same delivery date or expiry date so as to constitute a single contract.
- b) Payment Netting. If on any close out date more than one payment is to be made between you and City Index pursuant to a Trade, each party shall aggregate the amounts deliverable by it and only the difference, if any, between these aggregate amounts shall be paid by the party owing the larger amount to the other party.
- 13 CLIENT MONEY**
- 13.1 All money paid to us by you or a person acting on your behalf or otherwise received by us on your behalf ("Client Money") will be held by us in accordance with the Chapter 7 of the Corporations Act. This means that Client Money will be held in one or more segregated accounts. You acknowledge that individual client accounts are not separate from each other and do not constitute a loan to us.
- 13.2 We may invest Client Money held in a segregated account as permitted by the Corporations Act.
- 13.3 You acknowledge that we are entitled to, and you authorise us to:
- a) withdraw, deduct or apply amounts owing by you to us or any of our Related Entities under this Agreement from Client Money held in a segregated account or invested by us including, without limitation, payment for or in connection with paying Initial Margins, adjusting or settling of Trades entered into by you or the payment of interest or finance charges to us, as you acknowledge that such amounts belong to us under this Agreement and may be used by us in our business from time to time, including for payment of amounts to our counterparties; and
- b) pay, withdraw, deduct or apply Client Money held in segregated accounts or invested by us as permitted under the Corporations Act, as you acknowledge that such amounts belong to us under this Agreement and may be used by us in our business from time to time, including for payment of amounts to our counterparties.
- 13.4 You will not be entitled to interest on Client Money held in segregated accounts. It is not our policy to pay interest to clients on money held by us as trustee or on money paid to us as deposit or margin. This may be regarded as a cost as you will have lost the opportunity to obtain interest (or some other return) on that money elsewhere.
- 14 SECURITY AGREEMENT**
- 14.1 Subject to clause 13, all property held by or for City Index, including without limitation Contracts, cash, securities, letters of credit or other property in your Account (each referred to as "Collateral") (including all proceeds of such Collateral), is hereby pledged to City Index and shall be subject to a general lien and first priority security interest and right of setoff in City Index' favour to secure any amounts at any time owing from you to City Index.
- 14.2 You shall not grant any security interest in the Collateral to any person other than City Index.
- 14.3 In the event that the Collateral is at any time insufficient to satisfy your indebtedness to City Index, you shall pay the deficit within twenty-four (24) hours following delivery of City Index' request for payment or as otherwise required by City Index in its sole discretion. If payment is not made within such time as City Index directs, you shall pay interest on the unpaid indebtedness at the Agreed Rate, plus service charges and all costs of collection (including without limitation reasonable legal fees).
- 14.4 You grant City Index the right to borrow, pledge, repledge, hypothecate, rehypothecate, loan or invest any of the Collateral, in each case without notice to you, and without any obligation to pay or account to you for any interest, income or benefit that may be derived therefrom except as may be separately agreed in writing.
- 14.5 City Index shall at no time be required to deliver to you the identical property delivered to or purchased by City Index for any of your Account.
- 15 EVENTS OF DEFAULT**
- Events of Default include, but are not limited to, any of the following:
- a) a failure to make payment to us of any amount (including Initial Margin) which is due on any account held by you with us trading under any name;
- b) a failure to perform your obligations to us under this Agreement or to do anything that you have undertaken to us to do, whether the undertaking was given by telephone, by email, by post or otherwise, and whether or not the undertaking was contractually binding;
- c) any warranty or undertaking made by you in or in relation to this Agreement, or any other material statement made by you in or in relation to this Agreement:
- i. is untrue, misleading or deceptive at the time when you make it, or
- ii. becomes untrue, misleading or deceptive afterwards and you do not inform us of the true position as quickly as you reasonably can;
- d) you are unable to pay your debts (including debts due to us or anyone else) as they fall due, or you become involved in a dispute over payment with a person, firm or company who in our reasonable opinion claims in good faith to be owed money by you;

- e) (if you are an individual) you die or become a mental patient within the meaning of any applicable mental health legislation;
- f) (if you are an individual) a bankruptcy petition is presented against you;
- g) you make an arrangement with your creditors;
- h) any circumstance analogous or similar to those set out in (f) or (g) above occurs in relation to you in any jurisdiction;
- i) you fail to provide us with verification of your identity or the identity of any agent appointed by you;
- j) any action is taken by you or your agent which contravenes any provision of Chapter 7 of the Corporations Act or any regulation thereunder or any policy statement, class order or other guidance issued by ASIC, or which is brought to our attention by ASIC as a likely substantial breach of financial services laws as defined in the Corporations Act;
- k) you owe money to any other Related Entity of City Index Australia Pty Ltd.;
- l) any payment order given by you to your bank or other payment agent is returned dishonoured or unpaid;
- m) unless alternative arrangements have been made between us with reference to a specific absence by you, at any time we are not able to contact you within 24 hours using all reasonable means and contact points known to us;
- n) we reasonably believe that any of the circumstances set out in paragraphs (a) to (m) above are likely to happen and we also reasonably believe that any action described in clause 16.1 is necessary or desirable to protect our position and/or the position of our customers;
- o) you breach the representation and undertaking provided by clause 19; or
- p) you breach or fail to comply with any other provision of this Agreement where that breach or failure to comply is deemed by this Agreement to constitute an Event of Default.

16 REMEDIES

16.1 Remedies

- a) If an Event of Default occurs we may, without prejudice to any other right against you which we may have, and, without prior notice to you, do any one or more of the following:
 - i. close any or all of your open Trades (in whole or in part) on any Account held or operated by you with us trading under any name at a level based on our then prevailing quotation, or if none, at a level which is fair and reasonable;
 - ii. exercise our rights of set-off under this Agreement, including sale of any Collateral;
 - iii. close all your Accounts and refuse to accept any further Trades from you or undertake any Trading with you.
- b) Without prejudice to our rights under this clause or our rights at law, in particular rights to costs, if your Account has an overdue debit balance and it becomes reasonable for us to engage external consultants to advise on or take action to recover the amount you owe us, then we have the right to charge administration charges as set out in the PDS in order to cover our reasonable administrative costs and expenses of collection of overdue accounts.
- c) We are under no obligation to draw your attention to the fact that an Event of Default has occurred or to give you any opportunity to remedy it. An Event of Default will entitle us to close any or all of your Trades on any Account held by you even if we do not know about it when we close the position or positions and any profits or losses which are realised upon such closure will be binding as though the position, or positions, in question had been closed on your express instructions.
- d) While the occurrence of an Event of Default will give us the right to close part of your open Trades, instead of all of them, we will have no obligation to do this. Nor will we owe you any duty to consider your interests in deciding whether to close any or none or part or all of your Trades, which will be a decision in respect of which we will be entitled to consider our own interests alone.
- e) You must give notice to us if you have reason to believe that an Event of Default has occurred in relation to your Account, or if you have reason to believe that an Event of Default will occur. Failure to comply with this requirement will itself be an Event of Default.

16.2 Sale of Collateral

Any sales of Collateral made pursuant to section 14 and section 16.1(a)(ii) may be made according to City Index' good faith judgment and at its commercially reasonable discretion, on or subject to the rules of any market where such business usually is transacted, or at public or private sale, without advertising the same. You understand that a prior tender, demand or call of any kind from City Index, or prior notice from City Index of the time and place of such sale, shall not be considered a waiver of City Index' right to sell any Contract or other Collateral. Failure by City Index to act in such circumstances shall not constitute a waiver of City Index' right to do so at any time thereafter, nor shall it impose any liability on City Index nor shall it create a defence for you to any liability to City Index.

16.3 Closing out Positions

Any close-out of a Contract pursuant to section 14 and section 16.1(a)

- a) closing-out each such Contract so that each such Contract is cancelled and calculating settlement amounts equal to the difference between the market value (as determined by City Index in good faith) and contract value of the Contract;
 - b) discounting each settlement amount then due to present value at the time of close-out (to take into account the period between the date of close-out and the maturity date of the relevant liquidated foreign currency contract using an interest rate equal to City Index' cost of funds as determined by City Index in good faith);
 - c) calculating an aggregate settlement payment in an amount equal to the net amount of such discounted settlement amounts as is then due from one party to the other; and
 - d) setting off the settlement payments, if any, that City Index owes you as a result of such liquidation and all Collateral held by or for City Index against the settlement payments, if any, that you owe to City Index as a result of such close-out;
- so that all such amounts are netted to a single liquidated amount payable by one party to the other party, as appropriate, on the business day following the close-out.

17 CHARGES AND PAYMENT OBLIGATIONS

17.1 You agree to pay City Index upon demand:

- a) such charges, fees and costs as City Index may from time to time charge (including but not limited to, markups, spreads, brokerage charges, commissions, service fees, transfer fees and other charges);
- b) all applicable regulatory and self-regulatory fees or charges, if any;
- c) any applicable tax imposed on transactions;
- d) all compensation of any introducing broker or trading advisor that you are liable to pay from the Account, which City Index shall promptly deduct from the Account and remit to such person(s);
- e) the amount of any trading losses in the Account;
- f) any debit balance or deficiency in the Account; and
- g) any other amounts owed by you to City Index with respect to the Account or any transactions therein.

17.2 All commissions, charges or fees of City Index or compensation to any introducing broker shall be set forth on the Fee Schedule posted on the Website and the ITP. City Index may change its commissions, charges, and/or fees without notice.

17.3 You agree to be liable to City Index for interest on amounts you owe to City Index at the Agreed Rate. All such charges shall be paid by you as they are incurred and you hereby authorise City Index to withdraw the amount of any such charges directly from your Account. Any payments required to be made by you and not deducted directly from the Account shall be made by credit card, direct deposit of

immediately available funds to the account of City Index as set forth in the Application Form (which shall be deemed made when received by City Index), or by cheque (and subject to standard cheque clearing arrangements). You agree that when requested, whether by telephone or other communication, you will furnish City Index with names of bank officers and information necessary for immediate verification of such direct transfers.

18 NOTICES AND COMMUNICATIONS

- 18.1 You shall deliver all notices and any other communications to the offices of City Index, GPO Box 5464, Sydney New South Wales, Australia 2001 via regular mail, express mail, messenger or facsimile only (no electronic mail). You shall make all payments, except with regard to wire transfers as set forth herein, to the foregoing address via regular mail, express mail or messenger. All communications from City Index to you will be sent to you at the electronic mail address or regular mail address (as applicable) indicated by you on the Application Form or to such other electronic mail address or regular mail as you hereafter direct in writing. Confirmations of trades, statements of Account, and any other notices sent to you shall be binding on you for all purposes, unless you call any error therein to City Index' attention:
- a) in the case of oral reports of executions, at the time received by you or your agent, and
 - b) in the case of a written report (whether transmitted by electronic mail, regular mail, or otherwise), prior to opening of trading on the business day next following receipt of the report.
- 18.2 Margin calls shall be deemed conclusively correct if not objected to by Customer by notice to City Index in writing immediately (i.e., no later than one (1) hour) after delivery of such margin call. None of these provisions, however, will prevent City Index upon discovery of any error or omission, from correcting it. The parties agree that such errors, whether resulting in profit or loss, will be corrected and your Account will be credited or debited so that it is in the same position it would have been in if the error had not occurred, it being understood that in no event is a disruption in the ability of City Index to transmit to you any communication, City Index reserves the right to transmit such communications by any means that it deems reasonably appropriate, including by regular mail, express mail, messenger or facsimile or electronic mail, shall City Index be liable for any consequential or incidental damages arising out of such error. Whenever a correction is made, City Index will promptly make written notification to you and deliver such notice by any means City Index deems satisfactory.
- 18.3 All communications sent to you by City Index to such address, by whatever means, shall be deemed given to you personally whether or not actually received by you, and you hereby waive all claims resulting from failure to receive such communications.
- 18.4 You agree to be conclusively responsible for any instruction received electronically that is identified with your password and Account number and for any electronic, oral and written order or instruction to City Index from persons City Index, in its sole judgment, believes are apparently authorized by you. If your Account is titled as a joint account, City Index is authorized to act on the instructions of any one owner, without further inquiry, with regard to trading in the Account and the disposition of any and all assets in the Account. City Index shall have no responsibility for further inquiry into such apparent authority and no liability for the consequences of any actions taken or failed to be taken by City Index in reliance on any such instructions or on the apparent authority of any such persons.
- 18.5 Reports, confirmation of orders and statements of accounts for you shall be deemed correct and shall be conclusive and binding upon you if not objected to immediately upon receipt of electronic statement and confirmed in writing within 24 hours (1) day after transmittal to you by posting to your account electronically via internet or otherwise.
- 18.6 Reports, statements, notices and any other communication may be transmitted to you via the email address on your application. All communications sent, whether by mail, email, or otherwise, shall be deemed transmitted by City Index when electronically submitted or deposited by US mail, or when received by a transmitting agent, and deemed delivered to you personally, whether actually received by you or not.

19 CLIENT DOCUMENTS

You represent that the information on the Application Form is true and complete and that the representations in this Agreement and any applicable ancillary documents are accurate and that City Index and its agents are entitled to rely on such information and representations for all purposes, unless City Index receives notice in writing of any change. You undertake to notify City Index of any material change in such information or representations. To the extent certain ancillary documents are applicable, executed and delivered in connection with this Agreement, any or all such ancillary documents are incorporated herein by reference. In the event any term or provision of any of such ancillary documents should conflict with any term or provision of this Agreement, the terms and provisions of this Agreement shall prevail.

20 THIRD PARTY MANAGED ACCOUNTS

- 20.1 If an introducing broker or financial adviser introduces you to City Index or manages your Account, you acknowledge and agree that City Index is responsible only for acting as counterparty to you for transactions in your Account and that City Index has no responsibilities or obligations regarding any conduct, action, representation or statement of any such introducing broker or financial adviser in connection with your Account or any transactions therein. You understand that City Index makes no warranties nor representations concerning such introducing broker or financial advisor, that City Index shall not be responsible for any loss to you occasioned by the actions of such introducing broker or financial advisor and that City Index does not, by implication or otherwise, endorse or approve of the operating methods of such or introducing broker or financial advisor. You further acknowledge and agree that:
- a) any introducing broker or financial advisor acts as an independent intermediary for you;
 - b) unless you have been expressly advised otherwise in writing by City Index, no such person is an affiliate, employee or agent of City Index; and
 - c) no such person is authorised to make any representations concerning City Index or the services to be provided by City Index hereunder except as may be expressly authorised in writing by City Index. If a financial advisor manages your Account or if an introducing broker introduces you to City Index, City Index may
 - i. compensate such persons from the assets of City Index; or
 - ii. deduct directly from your Account compensation payable to such persons.
- 20.2 If your Account is managed by a financial advisor, you must deliver to City Index a copy of such financial advisor's written trading authorisation or your acknowledgment of such authorisation, in a form acceptable to City Index.
- 20.3 City Index does not control the information you may receive from an introducing broker or financial adviser. Consequently, City Index cannot vouch for the accuracy of any information or advice you may receive from an introducing broker or trading adviser. You have responsibility for confirming the accuracy of any information received by you from either an introducing broker or financial adviser, with City Index.
- 20.4 You understand that introducing brokers, financial advisers and third party vendors of trading systems, educational courses, programs, research or recommendations are not regulated by a government agency, and are not subject to supervision by City Index. You further acknowledge that you are responsible for due diligence, and engagement of these independent resources is at your own risk.

21 CLIENT CONSENTS

21.1 To Loan or Pledge

Within the limits of applicable law and regulations, you hereby authorise City Index to lend either to itself or to others any securities or other property held by City Index in your Account together with all attendant rights of ownership, and to use all such property as Collateral for our general loans. Any such property, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated either separately or in common with other such property for any amounts due to City Index thereon or for a greater sum, and City Index shall have no obligation to retain a like amount of similar property in our possession and control.

21.2 ITP and automated systems

- a) You consent to City Index' use of the ITP in conjunction with your Account, including, but not limited to, automated order entry, order routing and/or order
- b) execution systems; record keeping, reporting and Account reconciliation systems; and risk management systems.
- c) You will be allowed access to the ITP in order to place orders for transactions and to access other account services and products provided by City Index. You understand that the use of the ITP entails risks, including, but not limited to, interruption of service, system or communications failure, delays in service, and errors in the design or functioning of the ITP (collectively, a "System Failure") that could cause substantial damage, expense or liability to you. City Index makes no representation or warranty of any kind, express or implied, with respect to the selection, design, functionality, operation, title or non-infringement of the ITP, and makes no express or implied warranty of merchantability or fitness for a particular purpose, title and/or non-infringement, and specifically disclaims any implied warranty with respect thereto. Without limiting the foregoing, City Index expressly disclaims any representation that the ITP will operate uninterrupted or be error-free.

21.3 Cross Trades

You hereby acknowledge and agree that a director, officer, affiliate, associate, employee, bank, bank employee or dealer associated with City Index may be the opposing broker for a trade entered into for your Account and you hereby consent to any such transaction, subject to the limitations and conditions, if any, contained in the rules or regulations of any bank, institution, exchange or board of trade upon which such buy or sell orders are executed, and subject to the limitations and conditions, if any, contained in any applicable regulations of any regulatory agency.

21.4 Capacity

You represent and warrant (which representations and warranties shall remain in effect during the term of this Agreement) that you are:

- a) a natural person over the age of 18;
- b) under no legal incapacity; and
- c) not restricted from entering into this Agreement and effecting purchases and sales of Contracts by virtue of employment or otherwise.

21.5 Fund Transfers

You agree that City Index may transfer among any and all Accounts maintained by you with City Index your funds, securities or other property that may be required to satisfy Collateral requirements, reduce debit balances or for any other reason that is not in conflict with applicable law. City Index will confirm any such transfers to you in writing.

22 INACTIVE ACCOUNTS

You acknowledge that City Index may routinely place Accounts in which there is no trading activity on inactive status and you agree to provide whatever information and execute such additional documentation City Index may reasonably require upon you request to reactivate an inactive Account. City Index at its absolute and sole discretion may deduct an inactivity fee from any Account for the use of City Index' proprietary intellectual property.

23 RECORDING

All conversations regarding your Account, orders and Contracts between you and City Index (or any of its respective agents) may be recorded by City Index, without any obligation upon City Index to make or retain such recordings, and you irrevocably consent to such recordings and to City Index' use of such recordings in any proceeding or as City Index otherwise deems appropriate.

24 INTELLECTUAL PROPERTY AND CONFIDENTIALITY

All copyright, trademark, trade secret and other intellectual property rights in the ITP shall remain at all times the sole and exclusive property of City Index and you shall have no right or interest in the ITP except for the right to access and use the ITP as specified herein. You acknowledge that the ITP is confidential to City Index and has been developed through the expenditure of substantial skill, time, effort and money. You will protect the confidentiality of the ITP by not allowing access to the ITP by any third party and will not disclose your password and Account number to any third party. You will not publish, distribute, or otherwise make available to third parties any information derived from or relating to the ITP. You will not copy, modify, de-compile, reverse engineer, make derivative works of the ITP or of the manner in which they operate.

25 INDEMNIFICATION

You agree to indemnify, defend and hold harmless City Index and its respective successors and assigns from and against any liability, loss, cost or expense (including, without limitation, reasonable legal fees and expenses, costs of collection of debit balances, interest and any fines imposed by any exchange, self-regulatory organisation or governmental body) arising from;

- a) any failure by you to perform your obligations under this Agreement;
- b) any failure by you to comply with any rule or law, or
- c) any representation or warranty made by you in this Agreement or in the Applications Form or other information provided to City Index ceasing at any time to be true or accurate.

26 PRIVACY

City Index collects personal and, as applicable, credit information about you so that it may conduct business with you and may also need to do so to meet legal requirements under anti-money laundering laws. Any information obtained from you is used only for these purposes and is not disclosed to any other organisation except as set out below, with your consent, to credit reference agencies or as permitted or required by law or in accordance with City Index' privacy policy, a copy of which is available on request. City Index may provide your information to a company related to it whether located in Australia or overseas. If you do not provide City Index with all the information it considers compulsory they may be unable or limited in the services or financial products (as applicable) which it can provide to you.

26.1 You confirm that you have read the privacy disclosures made in the Application Form and acknowledge that:

- a) City Index collects information about you to conduct business with you, assess your application for credit and to comply with anti-money laundering laws;
- b) if you do not give all the information requested City Index may not be able to provide financial services or products to you;
- c) you may gain access to any personal information City Index holds about you by contacting the Compliance Manager Australia GPO Box 5464 Sydney, NSW Australia 2001, or clientservices@cityindex.com.au and
- d) City Index has told you that it may disclose certain credit information about you to a credit reporting agency.

26.2 You confirm that you have read and consented to the privacy consents made in the Application Form that:

- a) City Index may exchange information about you with:

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- i. any of its related bodies corporate whether they are located in Australia or in a foreign jurisdiction;
 - ii. any of their employees, agents, contractors or other service providers including (as applicable) credit reference agencies, and any entity involved in any restructure or transfer of its business;
- b) City Index may use your information:
- i. to provide you with further information targeted to your interests or to otherwise enhance any service or product provided by it to you;
 - ii. either to conduct market research or to contact you as provided for under this Agreement;
 - iii. to comply with any regulatory disclosure requirements;
 - iv. to obtain a consumer credit report about you, and/or allow the credit reporting agency to create or maintain a credit information file containing information about you as permitted by the Privacy Act 1988 (Cth); or
 - v. to assess your application to City Index for credit under this Agreement.

27 DISPUTE RESOLUTION

Any complaint you may have will be managed in accordance with City Index' Dispute Resolution Procedures available on the Website and the TTP.

28 TERMINATION

This Agreement shall continue in effect until terminated by

- a) you giving written notice of termination to City Index at any time, provided that you have no open positions and no liabilities held by or owed to City Index. Termination will take effect upon receipt by City Index of your notice of termination; or
- b) City Index at any time without cause upon delivery to you of written notice of termination, provided that such termination shall not affect any transactions previously entered into and shall not relieve either party of any obligations set out in this Agreement nor shall it relieve Customer of any obligations arising out of any deficit balance.

29 ENTIRE AGREEMENT AND BINDING EFFECT

29.1 Documents constituting Agreement

The agreement between you and City Index is constituted by this Agreement and, if you are a resident of Australia, the PDS posted on the Website at the time of each transaction.

29.2 No separate agreement

You acknowledge that you have no separate agreement with any City Index employee or agent regarding the trading in the Account, including any agreement to guarantee profits or limit losses in the Account. You understand that you are under an obligation to notify City Index immediately in writing as to any agreement of this type. Further, you understand that any representations made by anyone concerning your Account that differ from any statements you receive from City Index must be brought to the attention of City Index immediately in writing.

29.3 Acceptance

This Agreement shall constitute an effective contract between City Index and you upon acceptance and execution by an authorised officer of City Index.

29.4 Binding effect of Agreement

You hereby ratify all transactions with City Index effected prior to the date of this Agreement, and agree that your rights and obligations in respect thereto shall be governed by the terms of this Agreement. This Agreement shall be binding upon and inure to the benefit of City Index and its successors and assigns, and Customer's personal representatives and permitted successors and assigns.

30 AMENDMENT

30.1 No agreement or understanding of any kind shall be binding upon City Index unless it is in writing and signed by an authorised officer of City Index.

30.2 City Index reserves the right to change the terms and conditions of this Agreement from time to time, and at any time, with or without notice to customer by posting changes on the Website or via email notification. You are responsible for regularly reviewing these terms and conditions for modification and you agree to be bound by same.

31 ASSIGNMENT

This Agreement may only be assigned by you with the prior written consent of City Index. City Index shall have the right upon notice to you to transfer or assign this Agreement (and thereby the Account) to any affiliated or successor entity in its sole and absolute discretion without obtaining your consent.

32 SEVERABILITY

If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, and will not affect the validity of the remaining provisions of this Agreement.

33 HEADINGS

Headings in this Agreement are for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each clause.

34 GOVERNING LAW

34.1 Jurisdiction

This Agreement is governed by the laws of the State of New South Wales and the Commonwealth of Australia and the parties submit to the non-exclusive jurisdiction of their Courts.

34.2 Applicable rules and regulations

All transactions in your Account shall be subject to the terms of this Agreement and all related agreements and to;

- a) the laws, regulations, rules and interpretations of any applicable governmental, regulatory or self-regulatory authority; and
- b) customs and usages of trade, all of the foregoing, as in force from time to time, collectively referred to as "rule" or "law".

35 Notice Regarding Third Party Trading Platform

City Index serves its clients through one of the following two electronic trading platforms - the Global Trading System (GTS) and Meta Trader 4. While GTS is a trading platform proprietary to City Index, A Meta Trader 4 is a third-party Forex trading platforms whereby City Index does not own the intellectual property, these platforms may or may not run in City Index datacenter, and may or may not be supported by City Index' IT personnel and may or may not have an application program interface (API) integrating these third-party platforms into City Index dealing systems. City Index offers these third-party platforms to offer traders the ability to select a platform that has the functionality that best suits their individual needs. However, users should be aware that (1) City Index does not endorse such third party platforms and (2) of the additional risks associated when using such platforms.

Since the Meta Trader 4 platform is provided by a third party, City Index may not have total control over this platform. Individuals that trade on such platforms are exposed to the risks associated with the system, including, but not limited to, the communication infrastructure that connects City Index to the electronic trading system. As a result of any system failure or other interruption, orders either may not be executed according to your instructions or may not be executed at all. Also as a result of any system failure or other

interruption, you may not be able to place or change orders or views your trading positions or market data.

As the electronic trading system is provided by a third-party provider, to the extent not prohibited by law, City Index shall not be liable for any losses or damages suffered or incurred from the use, operation, or performance of the electronic trading system. In addition, City Index shall have no responsibility or liability for any direct, indirect, punitive, incidental, special or consequential damages that arise from any fault, inaccuracy, omission, delay or any other failure in the electronic trading system.