

Financial Services Guide

13 April 2010

This Financial Services Guide (FSG) is designed to assist clients in deciding whether to use any of the services offered by City Index Limited (CIL). It contains information about the services we provide, how to communicate with us, remuneration that may be paid to the financial services licensee and other relevant persons in relation to the services offered. The FSG also contains information on how complaints against the financial services licensee are dealt with. If, after reading this guide, further information is required then please do not hesitate to contact us.

CIL is also required to issue clients with a Product Disclosure Statement (PDS). The PDS is designed to allow clients to make an informed decision about whether to purchase a financial product and to allow for comparison of financial products. It includes information such as fees payable, risks, benefits and significant characteristics of a financial product. CIL is required to issue a PDS as a result of its offer of over-the-counter (OTC) financial products to retail customers. Generally, a PDS should be given to a retail client before a recommendation is made to buy a financial product or an offer is made to issue a financial product.

City Index Limited

City Index Limited (CIL) is a company incorporated in England operating in Australia as a registered branch (ARBN 141 043 183) and holder of an Australian Financial Services License (AFSL 336957) issued by the Australian Securities & Investment Commission (ASIC).

CIL offers off-exchange / over-the-counter (OTC) derivative products generically referred to as Contracts-for-Difference (CFD's).

How to contact us

Address: Level 38, Australia Square
264-278 George Street
Sydney NSW 2000

Postal: GPO Box 5464,
Sydney NSW 2001,
Australia

Toll Free: 1800 910 228
Direct: +61 2 9270 3673
Fax: +61 2 9270 3650

Email: enquiries@cityindex.com.au
Internet: www.cityindex.com.au

Services

CIL is licensed by ASIC to provide dealing and execution services in derivative products and to give general financial product advice. It acts as an issuer, market-maker and dealer in its own OTC derivative products.

The general financial product advice provided by CIL relates only to the product, and will not be based on clients' personal circumstances. As a result clients should, before acting on the advice, consider the appropriateness of the advice and the product, having regard to their own objectives, financial situation and needs. Clients should obtain a Product Disclosure Statement (PDS) and consider the contents of the PDS relating to the product before making any decision about whether to use the product.

Products

CIL offers Contracts-for-Difference (CFD's) over a range of financial assets including Australian and International listed equities, Stock Indices, Commodities, Metals and Foreign Exchange.

CFD's are margined OTC derivatives that allow clients to profit from price movements without physical ownership of the underlying stocks or instruments.

A CFD constitutes an agreement between two parties to exchange, at the close of the contract, the difference between the opening and closing prices of the contract, multiplied by the number of units specified within the contract.

Instructions

You may give us dealing instructions by telephone or via our trading platform. Any other form of communication which is not a dealing instruction may be made by telephone, in person, or in writing by post, fax or email.

We advise that all of our telephone lines are recorded in order to provide a record of transactions.

Fees & Charges

Depending on which CFD's are traded, customers of CIL may be liable for any of the following fees or charges.

When purchasing a CFD, the buyer agrees to pay the cash return on the notional amount of the investment in exchange for the difference in the purchasing and sale price.

In the case of equity and index CFD's the buyer also receives any dividend and is otherwise compensated by the seller for any corporate action (rights issue, stock split, takeover) that takes place whilst holding the bought position.

In this way, a CFD aims to fully reflect the full return that would have been earned if the transaction had taken place in the underlying market (not including personal tax).

Overnight Financing

With a long position, the buyer's CIL account is debited a financing fee. The interest rate applied to the value of the bought position will normally not exceed 4.0% over the current local inter-bank offered rate.

With a short position, the seller's CIL account is credited with financing. The interest rate will normally not be less than 4.0% below the current local inter-bank offered rate.

The actual interest rates applied in the calculation of financing will vary from time to time. Details are contained in the PDS.

Commissions

Commissions apply ONLY to Individual Share CFD's. If you trade Indices, Foreign Exchange or Commodity CFD's then CIL will not charge any commission.

The minimum commission charge for each transaction is set out in the table below. There is no maximum charge. Further details are provided in the PDS.

Share CFD's	Minimum Charge	Rate
Australian	AUD10	0.10%
UK	£10	0.10%
European	€10	0.10%
Swiss	CHF10	0.10%
Singapore	SGD20	0.25%
	USD15	0.15%
Hong Kong	HKD100	0.25%
Japan	¥1,500	0.25%
USA	USD15	0.15%

The charges above apply to both buy and sell transactions. Commissions greater than the minimum amount are calculated in the following way:

$$\# \text{ of Contracts} \times \text{Traded Price} \times \text{Commission Rate}$$

All Commissions are inclusive of GST

Bid – Offer Spread

Dealing spreads vary according to the instrument and reflect market conditions in the underlying financial asset. Consequently, they can vary.

The wider the bid-offer spread, the more the price of the CFD must move in your favour to make a profit.

Administrative Charges

Exchange Fees

Customers may be liable to pay an exchange fee. The exchange fee reflects the cost incurred by CIL to the Stock Exchanges for use of real-time prices in CIL's Internet Trading Platform software.

Remittance Fees

Typically, CIL does not charge its customers for withdrawal of funds from their account. However, where a customer requires same-day payment of funds, CIL reserves the right to charge for this additional service. This fee will not be more than A\$15 or the currency equivalent.

How are staff paid?

All CIL staff are salaried employees. In addition to salary, some members of staff may be entitled to a performance-based commission and a discretionary bonus. Commissions and bonuses are calculated according to a number of factors including the general operating performance of the company.

No related body corporate of CIL nor any director of CIL or of any related body corporate of CIL receives commission attributable to the products.

Benefits to third party suppliers

We can, at our discretion, enter into arrangements with third party suppliers, such as introducing brokers, who may directly or indirectly introduce you to us. Any benefits those third party suppliers receive are paid out of our own funds and are not a cost to you.

Dispute resolution

We have clearly laid down internal and external complaint resolution procedures. CIL also belongs to an ASIC-approved independent complaints resolution scheme, to which disputes about CIL may be referred.

If you have any complaints or queries about the service provided by us you should contact our dealers. If your complaint is not satisfactorily resolved please contact our Complaints Officer or put your complaint in writing and send it to:

The Complaints Officer

City Index Limited

Compliance@cityindex.com.au

All complaints or queries will be investigated promptly and fully. Our customer services team will conduct a full investigation of your complaint or query and will report their findings to you either by telephone or in writing. If you are dissatisfied with the report given to you, you can ask our compliance department to conduct a further investigation of the matter. You will be sent a written report of the findings of this further investigation.

CIL belongs to an independent external dispute resolution scheme, run by the Financial Ombudsman Service (FOS). This scheme has been endorsed by ASIC. Any unresolved complaints regarding CIL can, on the client's request, be referred to FOS.

FOS can be contacted toll free on 1300 780808. Alternatively, you can write to:

Financial Ombudsman Service (FOS)

GPO Box 3

Melbourne VIC 3000

Email: info@fos.org.au

Upon the referral of any complaint to FOS, we will provide you with a guide to the External Dispute Resolution Scheme. We are bound to fully assist FOS in the investigation of customer inquiries or complaints and are bound by any decision made by FOS.