



# **CONTRACTS FOR DIFFERENCE and MARGINED FX CONTRACTS**

## **Product Disclosure Statement**

GAIN Capital Australia Pty Ltd

ACN 141 774 727

AFSL 345646

Effective Date: 4th April 2018

This Product Disclosure Statement relates to Contracts for Difference and Margined FX Contracts made available to customers using GCA's trading platform, with effect from 4 April 2018

# Important Notice

**This Product Disclosure Statement relates to Contracts for Difference and Margined FX Contracts made available to customers using GCA's trading platform, with effect from 4 April 2018**

This Product Disclosure Statement (**PDS**) dated 5th January 2018 has been issued by GAIN Capital Australia Pty Ltd ACN 141 774 727 (trading as City Index) (**GCA**). GCA holds an Australian financial services licence, number 345646. This PDS relates to of contracts-for- difference (**CFD**) and margined foreign exchange contracts (**Margined FX Contracts**) offered by GCA (together, the **Products**), which will be available on the basis described in this PDS from 4th April 2018 to customers who use GCA's trading platform.

This PDS supersedes and replaces all previous versions of this document. This PDS should be reviewed in its entirety including the summary of Significant Risks in Section 4. Where GCA produces this document in a foreign language the English version shall prevail, to the extent of any inconsistency between the English version and the foreign language version.

Before dealing in the Products, you must first enter into a customer agreement (**Customer Agreement**) with GCA. You must read the Customer Agreement and complete an Application Form and be approved by GCA as a client. GCA has a separate Customer Agreement for clients who trade CFDs and for clients who trade Margined FX.

Before dealing in GCA's Products you should also consider whether they are appropriate financial products for you, 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.

GCA's Products are leveraged and speculative, and are not suitable for all investors. The prices of the Products and the Underlying Instruments may fluctuate rapidly and over wide ranges, which may reflect unforeseeable events or changes in conditions, none of which can be controlled. When you deal in GCA's Products, you do so on margin. Accordingly, you are advised that:

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

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

The Application Form requires you to disclose personal information. You should refer to our Privacy Policy (see Section 17.13) which explains how GCA 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 without notice where that information is not materially adverse to customers. GCA may provide updated information on the GCA website: [www.cityindex.com.au](http://www.cityindex.com.au). A copy of the updated information is also available upon request free of charge by contacting GCA.

GCA will issue a supplementary or new PDS if changes to the PDS are materially adverse to you. If we issue a supplementary or new PDS, we will notify you by sending a written notice (in electronic form) containing a link to the supplementary PDS or new PDS to the email address you have most recently provided to us at least 14 days prior to the effective date of the supplementary PDS or new PDS. Alternatively, we may notify you by posting the supplementary PDS or new PDS on our website. If the change relates to an increase in existing fees or charges or an introduction of new fees or charges, then we will give you at least 30 days' prior notice.

This PDS and any new or supplementary PDS is available in electronic form from our website at [www.cityindex.com.au](http://www.cityindex.com.au) or you can call 1800 139 103 to obtain it in paper form.

## Product Overview

GCA offers CFDs over a range of financial assets including Australian and international listed equities, cryptocurrencies stock indices, commodities, and metals, as well as Margined FX Contracts.

CFDs and Margined FX Contracts are margined OTC derivatives that allow you to gain exposure to, and therefore make a profit or loss from, price movements without ownership of the Underlying Instruments.

A CFD constitutes an agreement between two parties (ie. you and GCA) 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.

A Margined FX Contract is a contract under which the parties (ie. you and GCA) agree to exchange the cash difference between the opening value and the closing value on an underlying currency pair.

## Representations

GCA's Products are offered solely on the basis of the Customer Agreement and this PDS, as modified from time to time. No other information or representation is authorised by GCA, nor is any person authorised by GCA to give any information to Clients or prospective Clients or to make any representation.

## Financial amounts

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

## GCA does not give personal advice

GCA will not give you personal advice. This PDS does not constitute a recommendation or opinion that GCA's Products are appropriate for you.

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

GCA recommends obtaining independent advice concerning this PDS and the Customer Agreement.

## The role of the Australian Securities and Investments Commission (ASIC)

ASIC regulates the provision of financial services in Australia, and the offer of financial products such as the Products. The Australian financial services licence under which GCA operates has been issued by ASIC.

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

ASIC has not approved this PDS, the Customer Agreement or any other document issued by GCA.

## Underlying Instruments

References in this PDS or in the Trading Platform to any issuer or provider of an Underlying Instrument (for example, to a company whose securities are traded on an exchange on which a GCA Product is based, or to the provider of an index) are included solely for the purposes of identification of the Underlying Instruments to which those GCA's Products relate.

Such references are not to be construed as an express or implied endorsement by the issuer or provider of the Underlying Instrument or other person of the relevant GCA's Product. Nor does any such issuer, provider or other entity accept any responsibility for any statement in this PDS or undertake any liability in respect of the GCA's Products. Those issuers, providers and other entities are not involved in the issue of the GCA's Products and have not been involved in the preparation of this PDS or furnished any information specifically to GCA for the purpose of its preparation.

Furthermore, GCA has no affiliation with such issuers, providers or other entities and has no access to information concerning them, other than that which is in the public domain. GCA 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 GCA's Products and their requirements work. The figures do not necessarily reflect those of GCA or your personal circumstances and do not restrict in any manner the way in which GCA may exercise its powers or discretion.

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

Words and terms in this document have the same meaning defined in the Customer Agreement.

## 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 GCA, you should note:

- the law governing your dealings with GCA is the law of New South Wales, Australia; and
- times are Australian Eastern Standard, unless stated otherwise.

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## Address

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# Product Disclosure Statement

## 1. Regulatory Benchmark Disclosure- Benchmarks for OTC CFD's

The Australian Securities and Investments Commission (ASIC) has developed seven disclosure benchmarks for over-the-counter contracts for difference (OTC CFDs) and equivalent products, to assist investors better understand the risks and advantages associated with these products, and to help investors decide whether investment in the products is suitable for them. The details of the benchmarks are set out in Regulatory Guide 227 - Over-the-counter contracts for difference: Improving disclosure for retail clients (RG 227), which was released by ASIC in August 2011. These benchmarks apply to CFDs and Margined FX Contracts issued by GCA. This PDS addresses the benchmarks on an "if not, why not" basis and provides cross-references to other sections of the PDS where more information can be found.

Disclosure Benchmark	Meet Benchmark?	Related Information
<b>1. Client qualification</b> Issuer should maintain and apply a written client qualification policy that sets out the minimum qualification criteria that investors must meet and outlines the processes in place to ensure that investors who not meet the criteria are not able to open an Account to trade CFDs & Margined FX Contracts. The issuer is required to keep written records of client assessments.	Yes	<ul style="list-style-type: none"> <li>Trading in CFDs and Margined FX Contracts is not suitable for all investors because of the significant risks involved. Accordingly, GCA has a client qualification policy to assess a potential client's qualifications and experience when potential clients apply to open an Account with us.</li> <li>GCA's client qualification policy involves an assessment of the potential client's previous trading and investment experience and an assessment of the potential client's knowledge of key product concepts (Assessment). Potential clients will need to satisfy both components of the Assessment in order to be eligible to open an Account to trade CFDs and Margined FX Contracts. The Assessment is required to be completed as part of the account opening process when applying for an Account. The Assessment may be conducted online or by telephone.</li> <li>In assessing a potential client's previous trading and investment experience, GCA will consider factors such as frequency of trading or investment over a period of time, as well as the potential client's relevant work experience or qualifications.</li> <li>In assessing a potential client's knowledge of key product concepts, GCA will use a series of multiple choice questions about CFDs and Margined FX Contracts and equivalent products, including questions to ascertain the potential client's understanding of the concepts of leverage, margins, volatility, the nature of trading and the processes and technology used in trading. Potential clients must achieve a score of 70% or higher in the multiple choice test in order to meet the minimum criteria.</li> <li>If potential clients do not meet the minimum criteria in the Assessment, they will not be able to open an Account with GCA. Where this occurs, GCA will provide those potential clients with access to a CFD demo account on which they can practice trading CFDs and Margined FX Contracts, before being eligible to restart the Assessment. There is no obligation tied to use of the demo account.</li> <li>Potential clients will also be required to acknowledge that they are prepared to monitor and manage the risks of trading CFDs and Margined FX Contracts.</li> <li>Further information about our account opening process is available in section 5.1 of the PDS.</li> </ul>

Disclosure Benchmark	Meet Benchmark?	Related Information
<b>2. Opening collateral</b> <p>Issuer should only accept cash or cash equivalents as opening collateral for trading accounts. Where credit cards are accepted, issuer should accept no more than \$1000 via credit card as opening collateral for trading accounts.</p>	No (to the extent it accepts credit card payments of >\$1,000 as opening collateral)	<ul style="list-style-type: none"> <li>GCA accepts funds deposited through online banking facilities and credit card payments as opening collateral for Accounts.</li> <li>GCA accepts credit card payments for more than \$1,000 as opening collateral in order to provide clients with efficient and flexible payment options. You should be aware that using a credit card as opening collateral exposes you to an increased risk due to the combined effect of using a credit card (which may attract high interest rates) to fund a leveraged trading account, such as an Account.</li> <li>Further information about depositing funds is available in Section 6.3 of the PDS.</li> </ul>
<b>3. Counterparty risk – hedging</b> <p>Issuer should maintain a policy to manage its exposure to market risk from client positions. The policy should include the factors the issuer takes into account when determining if hedging counterparties are of sufficient financial standing and set out the names of the issuer's hedging counterparties, as they stand from time to time.</p>	Yes	<ul style="list-style-type: none"> <li>GCA conducts OTC transactions with selected counterparties to hedge its market risk arising from client transactions. Hedging exposes GCA to the risk that a counterparty may fail to perform its obligations, which results in financial loss for GCA, and consequently, may expose GCA's clients to financial loss.</li> <li>GCA's counterparty risk --- hedging policy is designed to protect GCA and its clients from any sudden changes in the liquidity, credit quality or solvency of its hedging counterparties. GCA primarily takes on market risk to facilitate instant execution of client trades, and therefore its market risk limits are generally very conservative. GCA's revenue model is flow-based, whereby revenue streams are derived from commission, finance and spread capture on client trading transactions, and not from taking on market risk.</li> <li>GCA selects its hedging counterparties against specific risk assessment criteria, including the counterparty's investment grade rating and whether the counterparty is regulated by a regulatory authority in a recognised jurisdiction.</li> <li>GCA's current major counterparty is GAIN Capital UK Limited.</li> <li>A copy of GCA's current counterparty risk --- hedging policy is available on GCA's website.</li> <li>Further information about counterparty risk is available in Section 4.8 of the PDS.</li> </ul>

Disclosure Benchmark	Meet Benchmark?	Related Information
<p><b>4. Counterparty risk – financial resources</b></p> <p>Issuer should maintain and apply a written policy detailing how it monitors compliance with its Australian financial services licence (AFSL) financial requirements and conducts stress testing to ensure it holds sufficient surplus liquid funds (SLF) to withstand significant market movements.</p>	Yes	<ul style="list-style-type: none"> <li>As clients trade with GCA as counterparty to its CFD and Margined FX Contract trades, clients are exposed to the risk that GCA will not have sufficient financial resources to meet its obligations to clients under these trades. If GCA defaults on its obligations, clients may become unsecured creditors in an administration or liquidation and will not have recourse to any underlying assets in the event of GCA's insolvency.</li> <li>Accordingly, GCA maintains and applies a policy for monitoring compliance with its AFSL financial requirements and conducting "stress testing" to ensure it holds sufficient SLF to withstand significant market movements. Under the policy, GCA must prepare daily control documents setting out GCA's current balance sheet, a daily calculation of SLF, and a daily statement as to whether GCA complies with the financial requirements under its AFSL. Under the policy, GCA will undertake a daily analysis of its SLF relative to designated trigger points and conduct "stress testing" against its SLF.</li> </ul>

Disclosure Benchmark	Meet Benchmark?	Related Information
<b>5. Client money</b> Issuer should maintain a clear policy on its use of client money, including whether it uses client money deposited by one client to meet margin or settlement requirements of another client.	Yes	<ul style="list-style-type: none"> <li>Under GCA's client money policy, all Client Money is deposited in a segregated account (referred to as a Client Segregated Account) and held on trust for the client in accordance with the requirements under the Corporations Act. Client Money from clients generally is pooled in GCA's Client Segregated Account, but is segregated from GCA's own funds.</li> <li>Under GCA's client money policy:               <ul style="list-style-type: none"> <li>Client Money is segregated from GCA's own money;</li> <li>Client Money is held with an Australian Authorised Deposit-taking Institution (ADI) or an approved foreign bank;</li> <li>The Client is not entitled to interest earned on Client Money and GCA will retain any interest earned on Client Money;</li> <li>GCA may withdraw funds from a Client Segregated Account to satisfy payment of money owing by the relevant client to GCA under the Customer Agreement, including: the payment of daily finance charges; transaction fees; interest payments; bank transfer charges; inactivity fees and unrealised losses on the Account; and</li> <li>GCA may withdraw Client Money from a Client Segregated Account at our discretion, subject to the requirements of the Corporations Act, but GCA does not use Client Money for its own purposes, such as hedging or GCA's own trading positions.</li> <li>Although Client Money of GCA clients is pooled in the Clients Segregated Account, where a client owes money to GCA, GCA will generally only withdraw from the Clients Segregated Account the amount to which GCA is entitled, to meet that obligation.</li> </ul> </li> <li>See Section 4.9 of the PDS for information about the risks to client funds deposited with GCA, such as the risks associated with the pooling of client's segregated funds.</li> <li>Further information regarding Client Money and the Client Segregated Account is available in Section 4.9 of the PDS.</li> </ul>



Disclosure Benchmark	Meet Benchmark?	Related Information
<b>6. Suspended or halted underlying assets</b> Issuer should not allow new CFD positions to be opened when trading in the underlying asset is halted or otherwise suspended.	Yes	<ul style="list-style-type: none"> <li>GCA does not allow new positions to be opened when trading in the Underlying Instrument is halted or otherwise suspended.</li> <li>GCA retains certain discretions in the event of a trading halt or suspension in the market for the Underlying Instrument, including, but not limited to, the discretion to increase margin requirements to 100% and to re-price positions using the last traded price, unless there are reasonable grounds to price differently. Further details of the discretions GCA can exercise in the event of a trading halt or suspension in the underlying market are set out in clause 16.3 of the CFD Customer Agreement or clause 14.3 of the FX Customer Agreement (as applicable).</li> <li>Further information about delisting and trading halts is available in the "Summary of Risks" section of the PDS.</li> </ul>
<b>7. Margin calls</b> Issuer should maintain and apply a written policy about its margining practices, detailing how the issuer will notify clients of accounts likely to enter into margin call, what rights the issuer may exercise, and what factors the issuer will consider when exercising those rights.	Yes	<ul style="list-style-type: none"> <li>GCA maintains a written policy in relation to its margining practices.</li> <li>We have the right to close out all of your Open Positions immediately if the Margin Level reaches or falls below 50%. At all times it is your responsibility to manage and monitor your Open Positions with us and to ensure that you meet your margin obligations.</li> <li>We will notify you of your Margin Requirements by email, but we reserve the right to also notify you through other means of communication such as post, fax, or notification through the Trading Platform.</li> <li>Further information on Margin Level and Margin Close Out is available in Sections 12.6 and 12.7 of the PDS.</li> <li>You should note that we have a number of discretions that we may exercise if you fail to maintain the required Margin Level. These include, but are not limited to:               <ul style="list-style-type: none"> <li>– immediately require payment of any amounts you owe us;</li> <li>– cancel any of your orders; and</li> <li>– close all or any of your Open Positions.</li> </ul> </li> <li>Further details of these discretions are set out in clause 17.2 of the Customer Agreement.</li> </ul>

## 1.2 Australian CFD & FX Forum - Best Practice Standards

Gain Capital is a founding member of the Australian CFD & FX Forum. The CFD & FX Forum are committed to enhancing efficient operations, transparency and overall investor understanding and confidence in CFD's and FX within Australia and in the Australian industry as a whole. The CFD & FX Forum has established Best Practice Standards and each member is required to incorporate a statement of compliance regarding these standards into their respective product disclosure statements. GAIN Capital complies with the standards, more details about the standards, including how GAIN Capital complies with the standard is available by request.

## 2. 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 or Margined FX Contracts.

Question	Answer
Who is the issuer of this PDS?	<p>The issuer of this PDS is GAIN Capital Australia Pty Ltd.</p> <p>GAIN Capital Australia Pty Ltd is a wholly owned indirect subsidiary of GAIN Capital Holdings Inc., a corporation organised and existing under the laws of the State of Delaware, United States of America. GAIN Capital Holdings Inc. is publicly traded and listed on the New York Stock Exchange (NYSE; GCAP).</p>
What is a contract for difference (CFD)?	<p>A CFD is a contract under which the parties (ie. you and GCA) agree to exchange the 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>GCA offers CFDs over a range of financial assets including Australian and international listed equities, stock indices, commodities, and metals, as well as Margined FX Contracts.</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"> <li>– 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</li> <li>– any fees and charges payable to us.</li> </ul> <p>In respect of Index CFD and Commodity CFDs (except a Commodity CFD over physical gold), the Underlying Instrument is a futures contract over the relevant index or commodity, not the index or commodity directly.</p>
What is a Margined FX Contract	<p>A Margined FX Contract is the contract under which the parties (ie. you and GCA) agree to exchange the difference between the opening value and the closing value of a currency pair.</p> <p>The Margined FX Contracts offered are over-the-counter financial products that give the holder exposure to a currency pair, allowing investors to participate in the returns from movements in the currency pair, without the need to exchange one currency for another.</p> <p>Margined FX Contracts allow you to make a profit or loss from the fluctuation in the currency pair. The amount of any profit or loss on a FX contract will be the total of:</p> <ul style="list-style-type: none"> <li>– the difference between the opening value of the Margined FX Contract (Quantity x Our Price) and the closing value of the Margined FX Contract (Quantity x Our Price); less</li> <li>– any fees and charges payable to us in respect of the Margined FX Contract.</li> </ul>

Question	Answer
What is leverage?	<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 than you would have been able to make from investing equity alone. Leveraged products such as CFDs and Margined FX Contracts allow you to use a relatively small amount of equity to take a relatively large exposure in an Underlying Instrument or Currency.</p> <p>Leverage allows an investor to amplify both their returns and their losses, and investors may also experience increased volatility in the return on their investments.</p>
How do I change my leverage?	<p>You can only change your leverage in respect of Margined FX Contract.</p> <p>Leverage can be changed for each Margined FX Contract on the Trading Platform from a “drop down” list after selecting the Market Information icon.</p> <p>Leverage in any one Margined FX Contract can only be changed before holding any Open Positions in that contract, and once set will continue to be the default value until further changes are made.</p>
What is Price Tolerance?	<p>Price Tolerance allows you to determine the amount of slippage you will accept on any Market Orders. Slippage is the difference between the price quoted at the time the Market Order is submitted and the price quoted when the Market Order is executed. In this way during ‘fast markets’ or adverse market conditions there is a greater opportunity to execute a Trade on or around the requested Trade level, depending on the Price Tolerance set.</p> <p>For example if the Price Tolerance on EUR/USD was set at 2 pips and our quoted price was 1.45382 – 1.45402, should the underlying Market suddenly move, any Market Orders to buy would automatically be filled up to a level of 1.45422 and any sell orders completed down to 1.45362.</p> <p>Alternatively if the Market moves in favour of the Trade, i.e. moves down as a buy Order is submitted, price improvements will be given extending beyond the Price Tolerance levels.</p>
How do I change my Price Tolerance?	<p>Price Tolerance can be changed for the relevant Market on the GCA Trading Platform from a ‘drop down list’ after selecting the Market Information icon.</p> <p>Once the Price Tolerance is set it will continue to be the default amount until further changes.</p> <p>You should note that when your Account is initially opened, it may already have Price Tolerance default values for each Market.</p>
How do I open and close a positions?	<p>Positions can be opened by either buying or selling a CFD or Margined FX Contract, depending on whether you require a Long or Short position.</p> <p>Open Positions can be closed by executing a Trade which is the equal and opposite position to the Open Position. That is, purchase a Long CFD to close a Short position, or sell a Short CFD to close a Long position.</p> <p>Typically you can trade (open and close positions) on the Trading Platform, which may be accessed through electronic means such as a web browser or mobile devices. If these are not available, you are able to only close positions over the telephone.</p>

Question	Answer
<p>What are the costs involved with trading CFDs &amp; Margined FX Contracts?</p>	<p>The costs involved in opening a CFD will vary depending on the Product traded.</p> <p>Costs may include:</p> <ul style="list-style-type: none"> <li>– Transaction Fee,</li> <li>– Daily Financing Fee</li> <li>– Bid - Offer Spread</li> <li>– Guaranteed Stop-loss order (GSLO) fee</li> <li>– Market data fee</li> <li>– Share CFD borrowing costs</li> <li>– FX rollovers</li> <li>– Conversion fee</li> <li>– Inactivity fee</li> <li>– Other administration fee</li> </ul> <p>See Section <a href="#">14</a> for full details of the costs associated with trading CFDs and Margined FX Contracts.</p>
<p>How are contracts priced?</p>	<p>The prices of the contracts traded with us are generally based on the prices of the Underlying Instrument to which the contracts relate.</p> <p>A further discussion of the pricing is set out in Section <a href="#">5.5</a></p>
<p>What are the risks involved in CFD &amp; Margined FX trading?</p>	<p>As with all leveraged investments, CFD &amp; Margined FX trading 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"> <li>– Leverage risk;</li> <li>– Close out risk;</li> <li>– Counterparty risk</li> <li>– Operational and system risk;</li> <li>– Market price and volatility risk;</li> <li>– Segregated account risk;</li> <li>– FX risk;</li> <li>– Operational Risk and;</li> <li>– External market price risk.</li> </ul> <p>Please refer to Section 3 for further information.</p>

Question	Answer
What are Long and Short positions?	<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" position is where you purchase a CFD or Margined FX Contract in the expectation that the value of the Underlying Instrument will increase, in which case the value of the CFD or Margined FX Contract will increase.</p> <p>A "Short" position is where you sell a CFD or Margined FX Contract in the expectation that the value of the Underlying Instrument will fall, in which case the value of the CFD or Margined FX Contract will fall.</p>
What is Margin Requirement?	Margin Requirement is the amount of money that you are required to hold with us as consideration for entering into a Trade and maintaining an Open Position.
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 Margin Level falls below your Margin Close Out Level, we may close out some or all of your Open Positions with us.
What is Order Aware Margining?	In certain instruments, the placing of a Stop-loss Order or Guaranteed Stop-loss order against an Open Position will result in a lower Margin Requirement for that position; this is called Order Aware Margining.
How do I open an Account with GCA?	<p>Prior to opening an Account with GCA you should ensure that you have read this PDS, FSG and Customer Agreement and that you understand the CFDs and Margined FX Contracts offered through this PDS.</p> <p>After doing this, if you are satisfied that trading in CFDs and Margined FX Contracts is appropriate for you, you can open an Account by completing the Application Form which is available online at <a href="http://www.cityindex.com.au/openaccount.aspx">http://www.cityindex.com.au/openaccount.aspx</a> and provide the required documents (if any).</p>
What are the tax consequences of trading in CFDs and Margined FX?	The tax consequences of trading in CFDs and Margined FX 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. See Section 15 for a summary of taxation matters.

### 3. Summary of benefits

#### Potential in Rising and Falling Markets

Traditional securities and other financial investment products only deliver benefits in rising or stable markets. CFDs and Margined FX Contracts provide simple and effective means to take advantage of falling markets, because they enable you to establish a Short position.

#### Single Platform – Multiple Markets

GCA's Trading Platform offers CFDs over domestic and international markets in shares, indices, foreign currencies, commodities and interest rates, and Margined FX Contracts over a number of currencies, all from a single account.

#### Leverage

CFDs and Margined FX Contracts are a leveraged investment and trading instruments. While leverage can magnify losses (as discussed in Section 4), 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 and Margined FX Contracts 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 and Margined FX Contracts exposures come at lower transaction costs than the same exposure taken in the Underlying Instruments.

## 4. Significant risks

### 4.1 Product Risk

#### Are GCA's Products appropriate for you?

You must carefully consider whether GCA's 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 lose large amounts of money.

#### Risk of financial loss and leverage

You risk losing money because:

- You could lose all the margin funds you deposit with GCA to establish or maintain a CFD or Margined FX position. In addition, you could lose further amounts as explained below.
- If the market moves against your position, or in the case of Commodity CFDs your position is rolled over into a new contract with a differing value, you may be required, at short notice, to deposit with GCA further money as margin in order to maintain your Open 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 GCA, and in addition, be required to pay GCA further funds representing losses and other fees on your open and closed positions. For example, although you may only invest (as margin) \$1,000 in a position, if the market moves against you could lose the full value of the position.
- Under certain conditions, it could become difficult or impossible for you to liquidate or close an Open Position. For example, this can happen when there is significant change in prices over a short period. Refer to Section 4.2 for a more detailed explanation about these risks. You may therefore continue to sustain losses until your position is able to be closed out or liquidated.
- GCA may not, in certain circumstances, accept your request to place an order. Refer to Section 13 for further details.
- If GCA 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 4.2 for more detailed explanation about these risks.
- The high degree of leverage that is obtainable in dealing in GCA's Products because of small margin requirements can work against you. The use of leverage can lead to large losses.

### 4.2 Market Risk

#### Derivative markets are speculative & volatile

Derivative markets can be highly volatile. The prices of GCA's 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 GCA's Products will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

#### Dealing may be affected by factors in the Underlying Instrument

The prices of the GCA's 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 GCA 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 GCA exceeds the volume that can be traded in the Underlying Instrument. In such cases, GCA 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. Please refer to Section 5.5 of this document and to the Customer Agreement.

Finally, trading in the Underlying Instrument may be suspended or halted. In such cases, GCA may not be able to offer the corresponding GCA 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 GCA will generally use the last traded price of that Underlying Instrument for the purposes of determining margin requirements and Daily Financing Fees. However, where GCA has reasonable grounds to believe that a different price reasonably reflects the value of the contract then it may, at its absolute discretion, price the contract differently.

As a result, a potentially profitable deal may not be executed, or it may not be possible to close out a position in a timely fashion at the price you want, resulting in reduced profits or higher losses.

### 4.3 Foreign exchange risks

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

When you deal in a GCA 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 GCA Product are calculated using the currency in which the GCA 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 GCA Product and the time the position is closed, liquidated or offset.



Upon closing a position in a GCA Product that is denominated in a currency other than the Base Currency of your Account, we will automatically ensure that any balance is converted to the Base Currency of your Account, unless we have agreed otherwise. Any conversion will be at the GCA Exchange Rate quoted by GCA (this may be different to the price quoted for a GCA FX CFD or Margined FX market). 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 position when revalued in the Base Currency.

#### 4.4 Loss caused by spread

Because of the difference between the buying and selling price of a CFD or Margined FX Contract (ie. the bid-offer spread), the relevant price must move favourably before you can break even. In other words, even if the contract 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 GCA charges and transaction fees which have been charged.

Furthermore, the spread may be larger at the time you close out the position than it was at the time you opened it. For some Markets our Spreads change frequently.

#### 4.5 Interest rate fluctuations

The interest that you pay in relation to your Account balance will be affected by fluctuations in the interest rate specified by GCA for the currency in which you hold your deposit.

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

#### 4.6 Rolling over Future CFDs

Upon Expiry of any Future CFD, the Open Position will be closed out at the Settlement Price on the Expiry date of the CFD contract.

Unless specifically requested by a Client, GCA will not re-establish positions in the next serial Futures CFD.

If requested, the position will be re-opened at the prevailing Our Price of the next serial CFD contract.

Clients are advised that the next serial CFD may trade at a premium or discount to the settling contract and Clients may immediately have a profit or loss without conducting a new Trade.

#### 4.7 Changes in Margin Requirements

GCA may, under the Customer Agreement, alter the Margin Requirement of any Open Position at any time at its discretion. Please refer to the Customer Agreement for more information.

If GCA determines that an Event Outside Our Control or Market Disruption Event (as defined in the Customer Agreement) 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 positions available to meet any increase in the Total Margin.

#### 4.8 GCA acts as Principal & Product Issuer

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

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

#### 4.9 Segregated Account and Client Money

When you open an Account with us, the Account is not a bank account. It is a trading account in GCA's books and records in which we record your Trades, Open Positions and other information relevant to your Account. No money is "deposited" into any account with GCA, although the Account will record the amount of money we hold for you and such money will be held in the manner described below.

Any money you transfer to us or which has been transferred to us on your behalf will be classified as Client Money and held by us on trust for you and administered by us in accordance with the provisions of the Corporations Act.

All Client Money is held with an Australian Authorised Deposit Taking Institution (ADI) or an approved foreign bank in a designated Client Segregated Account. The Client Segregated Account is opened in the name of GCA with the relevant ADI or approved foreign bank.

All Client Money held by GCA will be segregated from GCA's funds. Your Client Money may however be co-mingled into one or more Client Segregated Accounts with the Client Money of other Clients.

However, GCA may withdraw Client Money in a number of circumstances:

- We may withdraw, deduct or apply any amounts payable by you under the Customer Agreement from your Client Money held in any Client Segregated Account, including, without limitation making a payment for, or in connection with, the payment of finance charges, transaction fees, inactivity fees and interest payments due to us under the Customer Agreement;
- We may pay, withdraw, deduct or apply any amounts from Client Money held for you in any Client Segregated Account, as permitted by the Corporations Act. GCA does not use Client Money for its own purposes, such as hedging or to fund GCA's own trading positions.

Please see Section 12 for more information about our rights to use Client Money we hold for you to meet any Margin Requirement to which you are subject.

You will not be entitled to receive any interest on your Client Money held by us and we will retain any interest that may be earned on your Client Money.

We will not invest any Client Money held in the Client Segregated Account.

GCA will act in accordance with all Corporations Act obligations and the obligations imposed by the ASIC Client Money Reporting Rules 2017 with regards to Client Money.

#### Warning about segregated accounts

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

You could incur a loss due to an insolvency or omission of the



ADI or any approved foreign bank with which we maintain a Client Segregated Account.

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 Client Segregated Accounts which contain other Client Money to which other Clients are entitled. Where GCA settles obligations with the Client Segregated Account on a net basis, with the effect that one or more Clients have negative equity in their accounts, GCA will ensure that the entitlements of other Clients within the Client Segregated Account are maintained.

Should there be a deficit in a Client Segregated Account and GCA were to become insolvent and not able to replenish the Client Segregated Account, Clients would be unsecured creditors with respect to the balance of our obligations.

#### **What is an unsecured creditor?**

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

#### **4.10 Counterparty Risk**

GCA 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 GCA'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.**

#### **4.11 Operational Risks**

GCA's 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 Trading Platforms;
- The reliability and stability of local and international communication connections;
- The reliability and stability of Clients' own personal computer or internet connection.

#### **4.12 Regulatory Risk**

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

#### **4.13 Not a regulated market**

GCA's Products are not traded on a licensed market. Therefore, some of the protections usually associated with licensed markets are not available for trading in CFDs or Margined FX Contracts. For example, trading on the Australian Securities Exchange (ASX) generally has the benefit of 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.

#### **4.14 Risks associated with Option CFDs**

Trading Option CFDs can be more complicated than trading other CFD products and it is important to know the difference between dealing in Calls and Puts and going long and short Option CFDs. It is also important to understand that the price of an Option CFD is not solely dependent on the underlying market.

You must familiarise yourself with the nature of Option CFDs and Binary Option CFDs. We have identified here the major risks of dealing in Option CFDs. However, the issues discussed are not exhaustive.

##### **Market Risk**

When buying Vanilla or Binary Option CFDs your risk is limited to the number of contracts multiplied by the price paid. When selling a Vanilla Option CFD the risk is unlimited as there is no upper limit to the price of the Option CFD. Therefore the seller may be obligated to buy back the Option CFD to close a sold position at any price. If the Option CFD finishes at zero, the seller can buy back the Option CFD at zero at Expiry and will receive the full sale price of the Option CFD multiplied by the number of contracts.

##### **Limited Hours Trading**

The Option CFD products offered by GCA trade limited hours and are not quoted outside the normal operating hours of the Underlying Instrument. That is, there will be times when GCA does not provide a price as the Underlying Instrument may not be traded. In these cases, you will not be able to close an Open Position.

##### **Restricted Orders**

No Stop-loss Order can be placed on your Open Positions in Option CFDs. This means, that you must be able to monitor your Open Positions and trade using Market Orders to limit your losses.

##### **Binary Options – our rights**

In addition to our rights to void any Trades or Open Positions under the Customer Agreement, if an event occurs which has the effect of making it impossible to ascertain whether the event on which a Binary Option is based will occur or not, we may, acting reasonably, void any Trades or close out the Open Positions in relation to that specified event.

If, prior to the Expiry of a Binary Option Trade, the outcome of the specified event on which an Open Position in a Binary Option Market is based becomes publicly known, we may, in addition to our rights under the Customer Agreement:

- a) void any Trade which creates an Open Position if we believe that the opening Trade was placed after the outcome of the specified event became publicly known;
- b) void any Trades which closes an Open Position if we believe that the closing Trade was placed after the outcome of the specified event became publicly known.

##### **Suspension**

In some circumstances an underlying instrument for an Underlying Option can be suspended which may cause extreme volatility in an price of the Underlying Option or suspension of prices. Where there is a market for the Underlying Option, you will be able to be quoted a price where one is available. In other circumstances when trading daily Option CFDs and Binary Option CFDs it may be impossible for GCA to evaluate whether

a financial event has occurred or determine the Settlement Price of an Option CFD. In these circumstances GCA may take such actions as specified in our Customer Agreement – See CFD and Binary Supplements.

### **Spread**

Due to a lack of liquidity or extreme volatility the bid-offer spread quoted by GCA may change. This means that the price must move further in your favour to realise a profit. Or conversely, may increase your potential loss.

### **Volatility**

As Binary Options approach Expiry their prices typically display high volatility. A relatively small movement in the price of the Underlying Instrument may result in a significant price movement of the relevant Option CFD.

## **4.15 The Customer Agreement**

Under the Customer Agreement, GCA has certain discretionary powers. These include discretion not to accept orders, not to provide a quote or refuse to deal, as discussed in below.

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

### **Circumstances in which GCA may close Open Positions**

GCA has the right, whether with or without prior notice, to close out all or part of your Open Positions, if any of the Events of Default or Market Disruption Events in the Customer Agreement occur or you fail to satisfy their margin obligations.

This includes the suspension or delisting of an Underlying Instrument from which a GCA Product is derived.

In such circumstances, although GCA may attempt to provide you with 7 days' notice it may not always be possible and we are not obliged under the Customer Agreement to provide such notice.

GCA may close your Open Positions in a CFD if the CFD is removed from our list of CFDs that are available to short. Circumstances in which we may remove a CFD from the list include when the relevant Underlying Instrument from which the CFD is derived:

- a) becomes difficult to borrow in the underlying market; or
- b) is prohibited from being short sold by government rules or regulations.

GCA is not liable for any loss or damage arising from or in connection with the closure of Open Positions in circumstances where GCA exercises this right.

### **GCA's right to limit Open Positions**

GCA has the right under the Customer Agreement to limit the size of your 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 GCA Product is derived.

### **GCA's right to provide a special market quotation**

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

- limits or special or unusual terms are imposed in the relevant Underlying Instrument;
- the aggregate orders at a particular price or range of prices exceed the volume available for the Underlying Instrument;
- when GCA is unable to quote prices in the relevant GCA Product because it is unable to obtain information for the relevant Underlying Instrument for reasons beyond GCA's control.

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

#### **GCA's right to refuse orders or Trades**

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

- where GCA is, in its opinion, unable to maintain an orderly market in its Markets in respect of any one or more of the GCA's Products as a result of the occurrence of any act, omission or event (including any specific or general circumstance beyond GCA'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 such as the prohibition of short selling in an Underlying Instrument;
- the excessive movement, volatility or loss of liquidity in a relevant market or Underlying Instrument; or
- when GCA, in its opinion, considers it necessary for the protection of its rights under the Customer Agreement;
- when a client attempts to enter into a short position in a GCA product, but the GCA product is not in the list of CFDs or Margined FX Contracts that are available to short; or
- when GCA considers that the Client may contravene a financial services law under any jurisdiction, such as insider dealing or market abuse.

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

#### **4.16 Risk of Cryptocurrency Trading**

Cryptocurrencies (such as Bitcoin) are digital assets traded in highly volatile markets. The heightened volatility brings opportunity, but also a greater degree of risk.

GCA adopts the pricing for cryptocurrencies on the underlying exchanges and market-makers with which GCA trades. Since the cryptocurrencies traded as Underlying Instruments are made available through decentralized control via distributed ledgers (as opposed to traditional currencies which typically rely on centralized banking systems), they are exposed to the risks associated with the operation of those ledgers.

A key risk associated with decentralized ledgers is that an accepted ledger for a cryptocurrency may split or "fork", or otherwise become disrupted, for example, as a result of the misalignment or failure of software used by different miners. In this case, GCA may need to take remedial action and make cash adjustments on client accounts to reflect resulting volatility in the cryptocurrency value.

Further risks associated with cryptocurrency trading include loss of value arising from data loss and malware, fraud and the lack of formal regulation when compared with other traded assets and markets.

Understanding the market and managing your risk carefully with the use of stops and limits is crucial when trading cryptocurrencies and may serve to reduce some of the risks involved. As with any market, ensure that you conduct adequate research and understand how and why the price of the cryptocurrency moves before you start trading.

#### **4.17 Other Risks**

##### **Trading Hours and Market Information**

Each GCA Product has its own set of Trading Hours as set out in the Market Information. The Market Information also contains other important information that is specific to the GCA Product. You must therefore familiarize yourself with this information because it impacts the basis on which you deal in the relevant GCA Product. For example, the Market Information contains information such as margin factors, spreads, Expiries, Daily Financing Fees and Trading Hours (noting that you may be subject to Daily Financing Fees on Open Positions at Trading Close).

##### **Banking Hours**

Due to the limited operating hours of the banking system GCA may not receive margin deposits immediately. Accordingly, you should always maintain adequate funds in their trading Account to

cover unforeseen adverse market movements.

**Warning Regarding One-Click Dealing**

The Trading Platform orders / dealing tickets operate on a single click. You 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 GCA. Consequently, you should take additional care when submitting orders into the Trading Platform.

## 5. About GCA and its Products

### Who is GCA?

GAIN Capital Australia Pty Ltd (GCA) (trading as City Index) is part of the GAIN Capital Group, a global leader in CFD trading and both retail and institutional FX which has been providing traders access to local and international financial markets since 1999. The GAIN Capital Group is a global operator transacting with customers around the world through its award winning internet, mobile and tablet trading platforms. GCA (through both its City Index and, where applicable, other GAIN Capital brands) is focusing on expanding its Asia Pacific presence.

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

GCA is an indirect wholly owned subsidiary of GAIN Capital Holdings Inc., a corporation organized and existing under the laws of the State of Delaware, USA. GAIN Capital Holdings Inc. is publicly listed and traded on the New York Stock Exchange (NYSE; GCAP0). GCA offers its products under both the City Index and, where applicable, other Gain Capital brands across Australia and throughout Asia.

### 5.1 GCA's Products

GCA offers a range of CFDs and Margined FX instruments across global markets. These are summarized below, and reference provided to the Sections of this PDS which contain further information on these Products.

Product	Further information
Share CFDs (over Australian and international shares)	Section 7
Index CFDs	Section 7
Commodity CFDs	Section 8
Interest Rate and Government Bond CFDs	Section 9
Cryptocurrency CFDs	Section 10
Option CFDs	Section 11
Margined FX Contracts	Section 12

### 5.2 Software and market information

When you open an Account with GCA you will receive access to the GCA Trading Platform. The platform not only gives you access to prices and trading opportunities, but also a range of additional information sources. The Trading Platform 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 GCA for use of its or a third party provider's platform, software or source of information. Details of any such charge are set out in Section 14.

### 5.3 Trading Hours

The Trading Hours for GCA's Products differ. The Trading Hours for each GCA Product are available in the Market Information on the Trading Platform.

Please note we are not obliged to quote prices or accept Trades, orders or instructions in respect of any GCA 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.

### 5.4 Prices on the Trading Platform

The real time dealing prices provided on the Trading Platform are the prices that GCA is offering for GCA's Products. GCA's prices may not be the same as those in the Underlying Instrument on which the GCA's Products are based. Furthermore, the bid-offer spreads in GCA's 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 GCA Product or in the actual Underlying Instrument.

GCA does not provide Clients with access to prices in the Underlying Instrument or market depth information through its Trading 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.

### 5.5 How does GCA determine the prices for its products?

GCA prices for CFDs and Margined FX Contracts are based on the price of the Underlying Instrument and, in some circumstances, the application of a spread which is applied at our discretion. An overview of how GCA determines the prices is set out below.

#### Index Futures CFDs

GCA's prices for Index Futures CFDs are based from a spread around the bid-offer spread in the underlying index, or from a fixed spread around the last traded price in the underlying index. The GCA price for Rolling Index CFDs is derived from the price of underlying index futures contract, with the addition or subtraction of a fair value to account for interest and dividend expectations. The bid-offer spread can be adjusted by GCA to accommodate market liquidity.

#### Commodity CFDs

GCA's prices for Commodity CFDs are based on the price of the underlying commodity futures contract with the application of a minimum spread applied at GCA's discretion. The GCA price for Rolling Commodity CFDs is derived from the price of underlying futures contract, with the addition or subtraction of a fair value to account for interest and storage costs. The bid-offer spread can be adjusted by GCA to accommodate market liquidity. Note the Expiry of the Index and Commodity CFDs may differ to that of the Underlying Instrument over which the CFD is based. Please call GCA should you have any queries.

#### Share CFDs

GCA's prices for Share CFDs replicate prices seen on the exchange on which the underlying shares trade. Any change in the price of shares due to corporate actions or dividend payments

will be reflected in the price of GCA's Share CFDs. GCA does not add a spread to the prices of Share CFDs, however the tradable price will be adjusted to account for market liquidity using a "Volume Weighted Average Price" approach (see Section 5.6 for details).

### **Interest Rate CFDs**

GCA's prices for Interest Rate CFDs are based on the price of the underlying futures contract with the application of a minimum spread applied at GCA's discretion. The bid-offer spread can be adjusted by GCA to accommodate market liquidity. Note the Expiry of the Interest Rate CFDs may differ to that of the Underlying Instrument over which the CFD is based. Please call GCA should you have any queries.

### **Cryptocurrency CFDs**

GCA's prices for Cryptocurrency CFDs are based upon the combination of prices from underlying exchanges with the application of a minimum spread applied at GCA's discretion. The bid-offer spread can be adjusted by GCA to accommodate market liquidity. Please call GCA should you have any queries.

### **Margined FX Contracts**

GCA's prices for Margined FX Contracts are based on the price of the underlying currency pair and the application of our spreads. Our prices are derived from the best bids/offers from a number of bank and institutional feeds. GCA shows a fixed or variable spread based on these feeds. GCA reserves the right to adjust the spread with changes in liquidity and volatility in the underlying currency pair.

## **5.6 Volume Weighted Average Price**

To reflect a lack of liquidity in the Underlying Instrument, GCA may provide a special market quotation to an individual Client. GCA may also provide a special market quotation to Clients when the aggregate volume of all Client requests at a particular price (or range of prices) exceeds the volume in the Underlying Instrument. In these circumstances, a Client will receive a Volume Weighted Average Weighted Price (VWAP).

The VWAP is a price calculated from the volumes available in the Underlying Instrument at the time. The bids and offers in the Underlying Instrument are weighted by their respective volumes to compute the average price for the bid and offer, respectively, in the GCA Product for the required volume.

It is important to understand that GCA may, in its absolute discretion, quote different prices to different Clients.



## 6. Getting Started

### 6.1 Opening an Account

Your dealings in GCA's 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 GCA representative or downloaded from our website:

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

These documents are all available at <http://www.cityindex.com.au/terms-and-policies.aspx>. We may open different Accounts for you, including Limited Risk Accounts and different Accounts for different product types. When you open an Account with us we will use our client qualification policy so that we can assess whether a service or Product is appropriate for you. We may also inform you that your Accounts will be Linked Accounts. Please see the Customer Agreement for further details of our Accounts types, client qualification policy and Linked Accounts.

#### Acknowledgments

By signing and returning or submitting electronically an Application Form either through our website or via a mobile application you will be deemed to have agreed to the following items. In addition, after having commenced trading with GCA 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 GCA;
- 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 GCA's Products and have formed the opinion that dealing in GCA's Products are suitable for your purposes;
- that you were advised by GCA 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 GCA collecting, maintaining, using and disclosing personal information about you and provided by you or by another person under Section 17.13, which refers to our Privacy Policy;
- that you received or downloaded this PDS with the Customer Agreement, and read and understood them;
- that you agree that GCA 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.

### 6.2 AML / CTF Regulation

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act), GCA 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. If a Client does not provide the required information, GCA may not be able to process your account opening application.

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 GCA's AML/CTF obligations.

In circumstances where it is reasonable for GCA to suspect that there may be a breach of applicable laws or regulations, GCA may decide to refuse any transactions on your Account or to freeze your funds. If this occurs, GCA will not be held liable for any losses you may incur as a result of such actions. It is GCA's obligation to report certain matters to the relevant government agencies and GCA may be prevented by law from informing you that such reporting has taken place.

### 6.3 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 GCA's 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 GCA 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 GCA is from an account in your name and not from that of a third party.

GCA may in its absolute discretion, without creating an obligation to do so, return any transfer of monies from, a third party account, unless GCA has previously agreed in writing to accept such a transfer.

GCA 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, GCA 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.

### 6.4 Minimum initial Account balance

There is usually a minimum account opening deposit of A\$500 or its currency equivalent. This may be varied at GCA's absolute discretion from time to time.

### 6.5 Interest on Account balances

Interest will not be credited to your Account on any money you hold with us unless we have expressly agreed to do so in writing.



## 6.6 How do you deal in GCA's Products?

You may give us instructions for Trades via the Trading Platform, or by such other means as we may from time to time specify to you in writing. GCA's Trading Platform on the internet provides Clients with the capability to execute deals simply by clicking on GCA's latest dealing price. There is also a full on-line back office and position keeping service.

A full user guide for the Trading Platform is available to you when you log on.

We may in our sole discretion accept instructions for Trades (including closing only Trades when our Trading Platform is not in operation) by telephone or 'live chat', but not through other components of the Website such as e-mail.

## 6.7 Minimum deal sizes

The Minimum deal size varies depending on the product.

The default Minimum deal size is as follows:

Product	Minimum
Margined FX Contracts	USD10,000
or equivalent	
Share CFDs	1
Index CFDs	1
- HongKong 40	1
- Japan225	70
Commodity CFDs	1
Interest Rate CFDs	1
- Japan Govt Bond	1
Option CFDs	
Vanilla	1
Binary	10

The minimum deal size for all Markets is available in Trading Platform.

## 6.8 Margins

Margin is required to be paid when dealing in GCA's Products. The Margin Requirement is the deposit that must be made when buying or selling GCA's Products.

Margin will be held as Client Money in a Client Segregated Account in accordance with the Client Money Rules and Section 4.9 of this PDS.

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

Please refer to Section 12 which discusses Margins and to clause 28 of the CFD Customer Agreement or clause 26 of the FX Customer Agreement (as applicable) in relation to Client Money.

## 6.9 Open Positions at Trading Close

The Market Information for each GCA Product sets out the Trading Hours for the product.

If you hold an Open Position at Trading Close (ie. the end of the Trading Hours on a Trading Day) then it will become an overnight position and your Open Position will be rolled automatically unless GCA exercises any rights to close the position.

In this PDS, a reference to holding a position "overnight" means any Open Position you hold at Trading Close.

Please note that GCA reserves the right to close an Open Position if your Margin Level reaches or falls below the Margin Close Out Level. You must have sufficient funds in your Account to maintain your Open Positions at all times.

## 6.10 Account administration

Every day, provided you have dealt or have an Open Position, we will produce electronically a daily confirmation of your Trades and Open Positions.

At the end of each month, we will produce electronically a monthly statement which will include:

- a summary of your financial position in the currency in which your Account is denominated;
- Account activity for the month, being details of all transactions on your Account; and
- an Open Positions report, which will list all your Open Positions and value these Open Positions with the mid-closing rate or last price for that date, in the currency of the Underlying Instrument.

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

In particular, you should check the traded price, quantity, transaction type, Account balance, commission and interest adjustments, dividends and other corporate action adjustments detailed on the statements.

The contents of the daily and monthly statements will, in the absence of manifest error, be conclusive, and, unless you notify us to the contrary within 48 hours of the issuing date of the statements, you will be deemed to have accepted such daily and monthly statements. You are solely liable for any loss or damage arising from or in connection with your failure to inform us of any discrepancies within the specified period.

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 Management Department by phone or email.

## Currency balances

Your Account is maintained in a Base Currency of Australian Dollars, unless we agree otherwise. All your profits, losses and financing credits or debits in relation to a contract are denominated in the currency of the relevant Underlying Instrument. Upon closing a position denominated in a foreign currency you will hold a foreign currency balance in your Account. This will be converted to the Base Currency of your Account.

**Minimum Account balance**

To maintain access to the Trading Platform 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 Trading Platform is suspended it may be reactivated simply by contacting one of the Client Management consultants.

**Minimum Net Equity balance**

There is no minimum Net Equity balance required to maintain an Account with GCA.

**Important:** GCA may, at its discretion, convert foreign currency balances into your Base Currency if Net Equity falls below USD\$200 or the Base Currency equivalent. Any conversion will be at the prevailing exchange rate quoted by GCA.

**Delivery of statements and confirmations electronically**

Any time you execute a transaction with GCA, an order confirmation will appear on the dealing platform. Daily and monthly statements will also be sent electronically to your email address and will be made available through the Trading Platform.

**Real-time access through the Trading Platform**

When using the Trading Platform you may view all your Open 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 Trading Platform to:

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

**Delivery of documents electronically**

Under the Customer Agreement you also agree that GCA 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 GCA'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**

GCA will charge you for the following administration services:

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

GCA may also charge you a monthly inactivity fee on inactive Account(s).

The charges for such services are detailed in Section 14.

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

## 7. Share and Index CFDs

### 7.1 What are Share and Index CFDs?

Share CFDs allow you to receive most of the economic benefits of owning the underlying security without having to actually own the security. In other words you do not take delivery of the security and do not appear on the share register of the relevant company.

CFDs are also available on the indices of major countries stock markets. The Underlying Instrument of an Index CFD is not the relevant index itself, but over a futures contract over the relevant index. For example, in the case of a WALL STREET Index CFD, the Underlying Instrument is the E-Mini Dow Futures (traded on Chicago Mercantile Exchange). In the case of a Australia 200 CFD, the Underlying Instrument is the ASX SPI 200 Index Futures (traded on the ASX24 market operated by ASX).

By buying a Share or Index CFD, your profit or loss will be made on the difference between when you open the CFD and when you close it and the sum of any notional adjustments representing dividends and interest, less our transaction fees and in the case of short positions additional borrow charges. See our examples in Section 7.7.

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, bonus issues and reconstructions in respect of the underlying shares are also applied to your Account should they occur.

### 7.2 Adjustments for Dividends & Taxes

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

If you hold open CFD positions when a Dividend is paid by a listed company your Account will be adjusted in cash to reflect that Dividend.

Where Tax is withheld at source by the issuer of an Australian-listed security GCA will similarly withhold a portion of the dividend paid on a long Share CFD position.

Similarly, where some countries impose a non-resident Withholding Tax on foreign owners of listed Shares, GCA withholds a portion of the payment due to long Share CFD holder assuming that you are an Australian resident taxpayer.

GCA offers many foreign-denominated products with varying tax regimes. Generally, the amount withheld is 30% of the Gross Dividend.

#### *Timing of adjustments*

The Customer Agreement specifies the time at which GCA will adjust Client Accounts for Cash Dividends declared in respect of an underlying security relating to a Share CFD.

#### *Long Share 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 Share CFD position*

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

### 7.3 Financing fees

Share and Rolling Index CFD positions carried overnight (ie. Open Positions as at Trading Close for the relevant CFD) will incur a Daily Financing Fee for the total notional value of the position at the relevant GCA Financing Rate. For example, if the Underlying Instrument of your Share CFD is a security listed on the London Stock Exchange, you will incur a financial fee if you hold the Share CFD overnight UK time. The Trading Hours (and therefore the Trading Close) is shown in the Market Information for each relevant CFD.

If you are long a CFD you may pay a Daily Financing Fee to GCA, whilst if you are short you may receive a daily financing amount from GCA at the relevant GCA Financing Rate. However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee.

The GCA Financing Rates are set out in Section 14.4 and are available on the Trading Platform.

Future CFDs do not incur Daily Financing Fees.

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

### 7.4 Transaction Fees

When you trade a Share CFD with GCA you will be charged a Transaction Fee based on the value of the Trade, in much the same way as if you were buying shares. The Transaction Fee charged on Share CFDs is outlined in Section 14. Typically, the Transaction Fee is expressed as a percentage of the contract value transacted with a minimum charge. No Transaction Fee is charged when you trade Index CFDs.

You should note that GCA may change its fee structure (including Transaction Fees) from time to time and that you will receive a notice in accordance with the Customer Agreement.

### 7.5 Share CFD Borrowing Costs

From time to time, GCA may pass on to you charges which we may incur when borrowing underlying securities in order to hedge a Short Position which you have opened with us. These charges will fluctuate depending on market conditions and the scarcity of the securities concerned. We may deduct any such charges from your Account at any time without notice. The amount of charges will be reported in your daily and monthly statements and in the Market Information as soon as practicable.

### 7.6 Share and Index CFD Prices

Refer to Section 5.5 for a description of how CFD prices are determined.

## 7.7 Examples of opening and closing Share CFDs

Set out below are some simple examples to illustrate how Share CFD trading strategies may give rise to profits and losses. For simplicity, the examples below do not include margin payments or any Daily Financing Fees.

- **“Going long” and making a profit**

Telstra share CFDs are trading at (bid/offer) AUD\$4.99/AUD\$5.00. You want to buy AUD\$5,000 (1,000 Share CFDs) worth of Telstra CFDs at the offer price of AUD\$5.00 with the view that the share price of Telstra will rise.

**Opening Buy:**

You buy 1,000 Telstra Share CFDs @ AUD\$5.00. You are charged a transaction fee of AUD\$5.00.

The Telstra price rises to AUD\$5.20. You decide to close your position by entering an equal but opposite trade, Telstra Share CFDs are trading at (bid/offer) AUD\$5.20/AUD\$5.21.

**Closing Sell:**

You sell 1,000 Telstra Share CFDs @ AUD\$5.20. You are charged transaction fee of AUD\$5.00.

**Profit/loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] - \text{Transaction Fee} = \text{Profit / Loss}$

$[(5.20 - 5.00) \times 1,000] - \text{AUD\$10} = \text{AUD\$190 Profit}$

- **“Going long” and incurring a loss**

Telstra is trading at (bid/offer) AUD\$4.99/AUD\$5.00. You want to buy AUD\$5,000 (1,000 Share CFDs) worth of Telstra CFDs at the offer price of AUD\$5.00 with the view that the share price of Telstra will rise.

**Opening Buy:**

You buy 1,000 Telstra Share CFDs @ AUD\$5.00. You are charged Transaction Fee of AUD\$5.00.

The Telstra price falls to AUD\$4.80. You decide to close your position by entering an equal but opposite trade, Telstra Share CFDs are trading at (bid/offer) AUD\$4.80/AUD\$4.81.

**Closing Sell:**

You sell 1,000 Telstra Share CFDs @ AUD\$4.80. You are charged Transaction Fee of AUD\$5.00.

**Profit/loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] - \text{Transaction Fees} = \text{Profit / Loss}$

$[(4.80 - 5.00) \times 1,000] - \text{AUD\$10} = \text{AUD\$210 Loss}$

- **“Going short” and making a profit**

Telstra share CFDs are trading at (bid/offer) AUD\$5.00/\$5.01. You want to sell AUD\$5,000 (1,000 Share CFDs) worth of Telstra CFDs at the bid price of AUD\$5.00 with the view that the share price of Telstra will fall.

**Opening sell:**

You sell 1,000 Telstra Share CFDs @ AUD\$5.00. You are charged Transaction Fee of AUD\$5.00

The price of Telstra falls to AUD\$4.80. You decide to close your position by entering an equal but opposite trade, Telstra CFDs are trading at (bid/offer) AUD\$4.79/\$4.80.

**Closing buy:**

You buy 1,000 Telstra Share CFDs @ AUD\$4.80. You are charged a Transaction Fee of AUD\$5.00.

**Profit/Loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] - \text{Transaction Fees} = \text{Profit/Loss}$

$[(5.00 - 4.80) \times 1,000] - \text{AUD\$10} = \text{AUD\$190 Profit}$

- **“Going short” and incurring a loss**

Telstra Share CFDs are trading at (bid/offer) AUD\$5.00/\$5.01. You want to sell AUD\$5,000 (1,000 share CFDs) worth of Telstra CFDs at the bid price of AUD\$5.00 with the view that the share price of Telstra will fall.

**Opening sell:**

You sell 1,000 Telstra Share CFDs @ AUD\$5.00. You are charged Transaction Fee of AUD\$5.00.

The price of Telstra rises to AUD\$5.20. You decide to close your position by entering an equal but opposite trade, Telstra CFDs are trading at (bid/offer) AUD\$5.19/\$5.20.

**Closing buy:**

You buy 1,000 Telstra share CFDs @ AUD\$5.20. You are charged a Transaction Fee of AUD\$5.00.

**Profit/Loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] - \text{Transaction Fees} = \text{Profit/Loss}$

$[(5.00 - 5.20) \times 1,000] - \text{AUD\$10} = \text{AUD\$210 Loss}$

- **Financing Fees you may receive or pay when Share CFDs are rolled over at Trading Close**

If you hold a long Share CFD position overnight (in other words, you do not close it before Trading Close), you may also incur a Daily Financing Fee at the GCA Financing Rate, which would reduce your profit or increase your loss.

If you hold your short Share CFD position overnight (in other words, you do not close it before Trading Close), you may be credited a financing amount at the GCA Financing Rate, which would increase your profit or reduce your loss.

However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee.

- **Profits and Losses**

All profits and losses are credited to your Account in the currency in which the relevant CFD is denominated and then converted to your Base Currency before being applied to your Account.

## 7.8 Examples of opening and closing Index CFDs

Set out below are some simple examples to illustrate how Index CFD trading strategies may give rise to profits and losses. For simplicity, the examples below do not include margin payments or Daily Financing Fees.

- **“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 entering an equal but opposite 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 entering an equal but opposite 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 entering an equal but opposite 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 entering an equal but opposite 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 Trading Close**

If you hold a long Index CFD position overnight (in other words, you do not close it before Trading Close) you may also incur a Daily Financing Fee at the GCA Financing Rate, which would reduce your profit or increase your loss.

If you hold your short Index CFD position overnight (in other words, you do not close it before Trading Close), you may be credited an amount at the GCA Financing Rate, which would increase your profit or reduce your loss. However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee.

- **Profits and Losses**

All profits and losses are calculated in the currency in which the relevant CFD is denominated and then converted to your Base Currency before being applied to your Account.



## 8. Commodity CFDs

### 8.1 What are Commodity CFDs?

Commodity CFDs are contracts over the price performance of commodities such as wheat, soy beans or copper. You do not take delivery of the commodity. The Underlying Instrument of a Commodity CFD may not be the relevant commodity itself, but rather a futures contract over the relevant commodity which is able to be traded on a futures exchange. For example, in the case of a wheat Commodity CFD, the relevant Underlying Instrument is a wheat futures contract traded on the Chicago Board of Trade (CBOT).

You buy and sell Commodity CFDs in the same way that you buy and sell Index CFDs, nominating the number of contracts that you wish to deal in.

Commodity CFDs allow you to benefit from market movements in the Commodity markets. Your Open Positions are valued every day at Trading Close. Profits or losses are credited / debited to your Account each day.

### 8.2 Transaction Fees

There are no Transaction Fees on Commodity CFDs quoted on a Rolling basis.

You should note that GCA may change its fee structure from time to time and that you will receive a notice in accordance with the Customer Agreement.

### 8.3 Financing Fees

Commodity CFDs over commodity futures contracts do not incur financing costs. However Commodity CFDs over physical commodities (such as physical gold) carried overnight will incur financing costs for the total notional value of the position at the relevant GCA Financing Rate.

If you are long a CFD you may pay financing to GCA, whilst if you are short you may receive financing from GCA at the relevant GCA Financing Rate. However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee.

The GCA Financing Rates are set out in Section 14.4 and are available on the Trading Platform.

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

### 8.4 Commodity CFD prices

Refer to Section 5.5 for a description of how CFD prices are determined.

### 8.5 Examples of opening and closing Commodity CFDs

Set out below are some simple examples to illustrate how Commodity CFD trading strategies may give rise to profits and losses. For simplicity, the examples below do not include margin payments or Daily Financing Fees.

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

You believe the price of gold is going to rise. You open by buying 12 contracts of Gold Future CFDs at USD 1,100.00 which you keeps open for 21 days. Each contract represents 10 ounces of Gold.

Please note that a gold CFD is quoted as a 10 ounce (oz) contract and in USD. It is therefore said to trade “per 0.1”. At 3% margin, you must have  $(12 / 0.1 \times \text{USD } 1,100 \times 3\%) = \text{USD } 3,960$  available to secure the trade.

#### *Opening Buy*

You buy 12 contracts at USD 1,100.0

#### *Profit Scenario*

The price of Gold rises. GCA is now quoting 1,150.0 / 1,150.6. You sell 12 contracts at USD 1,150.0

Profit =  $(1,150.0 - 1,100.0) / 0.1 \times 12 = \text{USD } 6,000$

#### *Loss Scenario*

The price of gold falls. GCA is now quoting 1,050.0 / 1,050.6. You sell 12 contracts at USD 1,050.0

$(1,050.0 - 1,100.0) / 0.1 \times 12 = - \text{USD } 6,000$  (loss)

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

You believe the price of gold is going to fall. You open by selling 14 Gold Future CFD contracts at USD 1,100 which you keep open for 21 days.

#### *Opening Sell*

You sell 14 contracts at USD 1,100.0.

#### *Profit Scenario*

The price of Gold falls. GCA is now quoting 1,049.4 / 1,050.0. You buy 14 contracts at USD 1,050.0

Profit =  $(1,100.0 - 1,050.0) / 0.1 \times 14 = \text{USD } 7,000$

#### *Loss Scenario*

The price of Gold rises. GCA is now quoting 1,149.6 / 1,115.0. You buy 12 contracts at USD 1,150.0

$(1,100.0 - 1,150.0) / 0.1 \times 14 = - \text{USD } 7,000$  (loss)

- **Profits and Losses**

All profits and losses in respect of Commodity CFDs are credited or debited, as the case may be, to your Account in the base currency of the relevant CFD which will then automatically be converted back to the Base Currency of your Account.

### 8.6 Rolling over Commodity CFDs

Upon Expiry of the Commodity CFD, Open Positions will be closed out at the Settlement Price on the Expiry of the CFD contract.

Unless specifically requested, GCA will NOT re-open the position in the next serial contract.

If requested to do so, the position will be re-opened at the prevailing Our Price of the next serial CFD contract.

The Settlement Price for Commodity CFDs is determined by the respective bid or offer of the relevant contract. Note the Expiry dates of Commodity CFDs may differ to those of the Underlying Instrument over which the CFD is

based. For Expiry dates of Commodity CFDs please refer to the Trading Platform software.

At Trading Close on the Expiry date of the relevant near month Commodity contract, all pending orders in this contract will be cancelled from the Trading Platform software. It is the responsibility of the Client to place a new pending if they so desire. Please see Section [13](#) for further detail on pending orders.

## 9. Interest Rate and Government Bond CFDs

### 9.1 What are Interest Rate CFDs?

Interest Rate CFDs and Government Bond CFDs allow you to take a position to profit from a rise or fall in interest rates or the prices of bonds.

The profit or loss on an Open Position will depend on the fluctuations of the price of the Underlying Instrument. No Daily Financing Fee is calculated on long or short Interest Rate or Government Bond CFD positions.

You buy and sell Interest Rate or Government Bond CFDs in the same way that you buy and sell Index CFDs, nominating the number of contracts that you wish to deal in.

### 9.2 Transaction Fees

Refer to Section 14 for details relating to Transaction Fees on Interest Rate and Government Bond CFDs.

You should note that GCA may change its Fee structure from time to time and that you will receive a notice in accordance with the Customer Agreement.

### 9.3 Pricing

Refer to Section 5.5 for a description of how CFD prices are determined.

### 9.4 Examples of opening and closing Interest Rate and Government Bond CFDs

You wish to speculate on a change in Interest Rates, or Bond prices. You are aware that when Interest Rates rise, Bond prices fall, and when Interest Rates fall, Bond prices rise. You choose your CFD accordingly.

Set out below are some simple examples to illustrate how Interest Rate and Government Bond CFD trading strategies may give rise to profits and losses. For simplicity, the examples below do not include margin payments or Daily Financing Fees.

- **Going long UK LONG GILT Bonds and making a profit or loss.**

You decide to speculate on the value of the UK LONG GILT Bond. You believe that interest rates will fall, and therefore that the price of the UK LONG GILT will rise. GCA's current price for the UK LONG GILT contract is 114.17 / 114.20

#### *Opening Purchase*

You buy 10 contracts at 114.20.

UK LONG GILTS trade one British Pound per .01 price increment, so your 10 contract position will fluctuate in value by GBP10 per .01 change in the UK LONG BOND price.

#### *Profit / Loss Calculation*

Profit/Loss = (Sell price – purchase price) / price increment x number of contracts

#### *Profit Scenario*

Interest Rates fall and the price of UK LONG GILTS rise. GCA is quoting 114.70 / 114.73. You sell ten contracts at 114.70

$(114.70 - 114.20) / .01 \times 10 = \text{GBP}500 \text{ profit}$

#### *Loss Scenario*

Interest Rates have risen and UK LONG GILT prices fall. The GCA quote is now 113.70 / 113.73. You sell ten contracts at 113.70

$(113.70 - 114.20) / .01 \times 10 = \text{GBP} 500 \text{ loss}$

- **Going short UK LONG GILT Bonds and making a profit or loss.**

You decide to speculate on the value of the UK LONG GILT Bond. You believe that interest rates will rise, and therefore that the price of the UK LONG GILT will fall. GCA's is currently quoting UK LONG GILT contracts at 114.17 / 114.20

#### *Opening Sale*

You sell 10 contracts at 114.17

#### *Profit Scenario*

Interest Rates rise and UK LONG GILT prices fall. The GCA quote is now 113.52 / 113.55. You buy ten contracts at 113.55

$(114.17 - 113.55) / .01 \times 10 = \text{GBP}620 \text{ profit}$

#### *Loss Scenario*

Interest Rates fall and UK LONG GILT prices rise. The GCA quote is now 114.76 / 114.79. You buy ten contracts at 114.79

$(114.17 - 114.79) / .01 \times 10 = \text{GBP} 620 \text{ loss}$

- **Profits and Losses**

All profits and losses in respect of Interest Rate and Government Bond CFDs are credited or debited, as the case may be, to your Account in the base currency of the relevant CFD which will then automatically be converted back to the Base Currency of your Account.

### 9.5 Rolling over Interest Rate and Government Bond CFDs

Upon Expiry of the CFD, Open Positions will be closed out at the Settlement Price on the Expiry of the CFD contract.

Unless specifically requested, GCA will NOT re-open the position in the next serial contract.

If requested to do so, the position will be re-opened at the prevailing Our Price of the next serial CFD contract.

The Settlement Price for Interest Rate and Government Bond CFDs is determined by the respective bid or offer of the relevant contract. Note the Expiry dates of Interest Rate and Government Bond CFDs may differ to those of the Underlying Instrument over which the CFD is based. For the available expiries, please refer to the Trading Platform.

At Trading Close on the Expiry date of the relevant near month contract, all pending orders in the contract will be cancelled from the Trading Platform. It is your responsibility to place a new pending order if you so desire. Please see Section 13 for further detail on pending orders.



## 10. Cryptocurrency CFDs

### 10.1 What are Cryptocurrency CFDs?

Cryptocurrency CFDs allow you to receive most of the economic benefits of owning the underlying cryptocurrency without having to actually own the cryptocurrency.

The profit or loss on an Open Position will depend on the fluctuations of the price of the Underlying Instrument. You buy and sell Cryptocurrency CFDs in the same way that you buy and sell Index CFDs, nominating the number of contracts that you wish to deal in.

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.

### 10.2 Financing fees

Cryptocurrency CFD positions carried overnight (ie. Open Positions as at Trading Close for the relevant CFD) will incur a Daily Financing Fee for the total notional value of the position at the relevant GCA Financing Rate. The Trading Hours (and therefore the Trading Close) is shown in the Market Information for each relevant CFD.

If you are long a CFD you may pay a Daily Financing Fee to GCA, whilst if you are short you may receive a daily financing amount from GCA at the relevant GCA Financing Rate. However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee.

The GCA Financing Rates are set out in Section 14.3 and are available on the Trading Platform.

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

### 10.3 Transaction Fees

Refer to Section 14 for details relating to Transaction Fees, however no Transaction Fees are charged on Cryptocurrency CFDs.

You should note that GCA may change its fee structure (including Transaction Fees) from time to time and that you will receive a notice in accordance with the Customer Agreement.

### 10.4 Cryptocurrency CFD Prices

Refer to Section 5.5 for a description of how CFD prices are determined.

### 10.5 Policy on Cryptocurrency forking

In the event that a current cryptocurrency splits into two, new coins are created, this is known as a hard fork. GCA will generally follow the coin that has the majority consensus of cryptocurrency users and will therefore use this as the basis for our prices. In addition, GCA will also consider the approach adopted by the exchanges GCA deals with, which will help determine the action taken by GCA.

GCA reserve the right to determine which cryptocurrency unit has the majority consensus behind them.

As the hard fork results in a second cryptocurrency, GCA reserve the right to create an equivalent position on client accounts to reflect this. However, this action is taken at GCA's absolute discretion, and GCA have no obligation to do so.

If the second cryptocurrency is tradeable on major exchanges, which may or may not include the exchanges GCA deals with, GCA may choose to represent that value, but have no obligation to do so. GCA may do this by making the product available to close based on the valuation, or by booking a cash adjustment on client accounts.

If, within a reasonable timeframe, the second Cryptocurrency does not become tradeable, then GCA may void positions that had previously been created at no value on client accounts.

Over periods of substantial price volatility around fork events, GCA may take any action considered necessary in accordance with our terms and conditions including suspending trading throughout if GCA deem not to have reliable prices from the underlying market.

### 10.6 Risks of Cryptocurrency Trading

Refer to section 14.16 for details of the risks associated with cryptocurrency trading.

### 10.7 Examples of opening and closing Cryptocurrency CFDs

Set out below are some simple examples to illustrate how Cryptocurrency CFD trading strategies may give rise to profits and losses. For simplicity the following examples do not include Financing Fees. Please refer to the website for the current Financing Fees and for an example of how it is applied.

#### • “Going long” and making a profit or loss

Bitcoin CFDs are trading at (bid/offer) 20000/20100. You believe the price of Bitcoin will rise and you wish to buy a Bitcoin CFD.

#### Opening Buy:

You buy 1 Bitcoin CFD at 20100, to have a notional value of \$20,100 (1 x 20100).

#### Profit Scenario:

The Bitcoin price rises to 21100. You decide to close your position by entering an equal but opposite trade, Bitcoin CFDs are trading at (bid/offer) 21050/21150.

#### Closing Sell:

You sell 1 Bitcoin CFD at 21050.

#### Profit/loss Calculation:

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] = \text{Profit} / \text{Loss}$

$[(21050 - 20100) \times 1] = \text{AUD\$950 Profit}$

#### Loss Scenario:

The Bitcoin price falls to 19000. You decide to close your position by entering an equal but opposite trade. Bitcoin CFDs are trading at (bid/offer) 19050/19150.

#### Closing Sell:

You sell 1 Bitcoin CFD at 19050.

#### Profit/loss Calculation:

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] = \text{Profit} / \text{Loss}$

$[(19050 - 20100) \times 1] = \text{AUD\$1,050 Loss}$

#### • “Going short” and making a profit

Bitcoin CFDs are trading at (bid/offer) 20000/20100. You want to sell 1 Bitcoin CFD.

**Opening Sell:**

You sell 1 Bitcoin CFD at 20000, to have a notional value of \$20,000 (1 x 20000).

**Profit Scenario:**

The Bitcoin price falls to 19000. You decide to close your position by entering an equal but opposite trade, Bitcoin CFDs are trading at (bid/offer) 19050/19150.

**Closing Sell:**

You buy 1 Bitcoin CFD at 19150.

**Profit/loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] = \text{Profit / Loss}$

$[(20000 - 19150) \times 1] = \text{AUD\$850 Profit}$

**Loss Scenario:**

The Bitcoin price rises to 21100. You decide to close your position by entering an equal but opposite trade. Bitcoin CFDs are trading at (bid/offer) 21050/21150.

**Closing Sell:**

You buy 1 Bitcoin CFD at 21150.

**Profit/loss Calculation:**

$[(\text{Sell Price} - \text{Purchase Price}) \times \text{Quantity}] = \text{Profit / Loss}$

$[(20000 - 21150) \times 1] = \text{AUD\$1,150 Loss.}$

## 11. OPTION CFDs

### 11.1 What are Option CFDs?

Option CFDs allow you to take a position to profit from a rise or fall in the price of an Underlying Instrument which is an option contract. You buy and sell Option CFDs in the same way that you buy and sell other CFDs, nominating the number of contracts that you wish to deal in.

You can close and open positions up to a specified time before Expiry by selling or buying at Our Price. At Expiry, open Option CFD positions will be settled at the Settlement Price (calculated by GCA by reference to the official settlement price of the option contract which is the Underlying Instrument). The profit or loss on an Open Position will depend on the fluctuations of the price of the Underlying Instrument

The Market Information in the trading platform provide full contract specifications.

### 11.2 What are options?

As noted above, the Underlying Instrument for an Option CFD is an option contract (**Underlying Option**). In financial markets generally, Options give the buyer the right, but not the obligation, to buy or sell an underlying financial instrument at a specified price or level (**Strike Price or Strike Level**) on or before a future date (referred to as the **Expiry** of the option). The buyer can elect to exercise their right, in which case, the seller (or writer) of the option has the obligation to buy or sell the financial instrument. The buyer is said to exercise their right and the option is said to have been exercised.

In financial markets, options are available in a variety of forms but two important distinctions are options to buy and options to sell the underlying financial instrument. These are referred to as **Call Options** and **Put Options** respectively.

Another important distinction relates to when the buyer can exercise the option. Generally, options can be exercised either **before** Expiry or **at** Expiry. An option which can be exercised before expiry is called an American-style Option. An Option which can be exercised only at expiry is called a European-style Option.

The terms of settlement of options also vary. Some terms permit options to be settled by delivering the underlying financial instrument such as a share or, in futures markets a quantity of a physical commodity. Other terms only permit options to be settled in cash terms. Cash settlement reflects the difference between the closing or settlement price of the underlying instrument and the Strike Price of the option.

It's important to recognise that the Option CFDs offered by GCA differ in some important ways to options traded in other markets, so please take the time to read the information provided in this section.

### 11.3 Types of Underlying Options

GCA offers Option CFDs over a variety of Underlying Options. Option CFDs are available over both Call Options and Put Options, and with a range of Strike Prices and time frames (Expiries).

They are also in two distinctive varieties: Standard (or Vanilla) Option CFDs and Binary Option CFDs.

### Standard (or Vanilla) Option CFDs

In the simplest analysis, Standard (or Vanilla) Option CFDs have two outcomes at Expiry depending on the price of the Underlying Option relative to its Strike Price: In-the-Money and Out-of-the-Money. However, the price of the Underlying Option at Expiry can have a range of values.

In the case of an Underlying Call Option (the right to buy), if the price of the underlying financial instrument at Expiry finishes above the Strike Price then the Underlying Call Option will be "In-the-Money" and have a value greater than zero. If the price of the underlying instrument at Expiry is below the Strike Price then the Underlying Option will be "Out-of-the-Money" and have a value of zero. In the case of an "In-the-Money" Call Option, however, the higher the price of the underlying instrument (the Underlying Option is "In-the-Money") the greater the value of the Underlying Option at Expiry. The buyer of the Option would in this case stand to make a profit if they paid a lower price for the Option than the price at Expiry. The seller, however, would stand to make a loss.

In the case of an Underlying Put Option (the right to sell), if the price of the underlying financial instrument at Expiry finishes below the Strike Price, then the Underlying Put Option will be "In-the-Money" and have a value greater than zero. The deeper the Underlying Option is In-the-Money, the greater the value of the Underlying Option at Expiry. In this case, the buyer of the Underlying Put Option would stand to make a profit if they paid a lower price for the Option than the price at Expiry. The seller, however, would stand to make a loss.

### Binary Options

Binary Option CFDs are CFDs where there are only two outcomes, depending on whether the relevant specified financial event occurs at Expiry, or not. That is, at the Expiry of a Binary Option, the Option will be either In-the Money (if the event is true at Expiry) or Out-of-the Money (if the event is not true at Expiry.. Unlike Option CFDs over Vanilla Options, however, the value of the Binary Option CFD at Expiry is defined and constant and will not vary dependent on how deeply the Underlying Option is In-the-Money.

A trade in a Binary Option CFD where you think that an event will occur is a buy trade. A trade where you think the event or statement will not occur is a sell trade. Buy trades will be transacted at Our Offer Price, sell trades at Our Bid Price. Binary Options will be settled against the specified Strike Level. Please find the exact settlement terms in our Market Information.

GCA offers two varieties of Binary Option CFD: UP/DOWN Binaries and Handicap Binaries.

### UP/DOWN Binary Option CFDs

This type of Binary Option CFD is used to speculate on whether the relevant Underlying Instrument finishes either higher or lower at the end of the relevant period.

If you think the Underlying Instrument will finish above or at least equal to the Strike Level then you can either buy the UP Binary Option CFD or sell the DOWN Binary Option CFD.

If you think the Underlying Instrument will finish below the Strike Level then you can either buy the DOWN Binary or SELL the UP Binary.

Example:

On Monday the 4th Nov the S&P ASX 200 closed at 4,573.90

The GCA Opening Strike Level on the UP and DOWN Binaries for Tuesday 5th June will be 4,573.90

ASX SPI 200 Index Futures UP Tuesday Binary CFD (Above or equal to 4,573.90)

ASX SPI 200 Index Futures DOWN Tuesday Binary CFD (Below 4,573.90)

Here in this example if you think the official cash close of the S&P ASX 200 at 4.10pm Tuesday 5th June (AEST) will be 4,573.90 or above you would buy the ASX SPI 200 Index Futures UP Tuesday Binary CFD.

If this did occur, this UP Binary CFD will settle at 100. If it did not occur it would settle at 0.

If you think the official cash close of the S&P ASX 200 at 4.10pm Tuesday 5th June (AEST) will be below 4,573.90 then you would buy the ASX SPI 200 Index Futures DOWN Tuesday Binary CFD.

### Handicap Binary Option CFDs

This type of Binary Option CFD specifies how much the Underlying Instrument may rise or fall relative to the previous closing price.

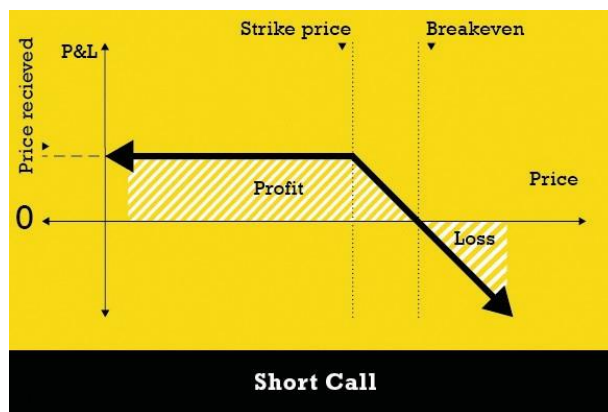
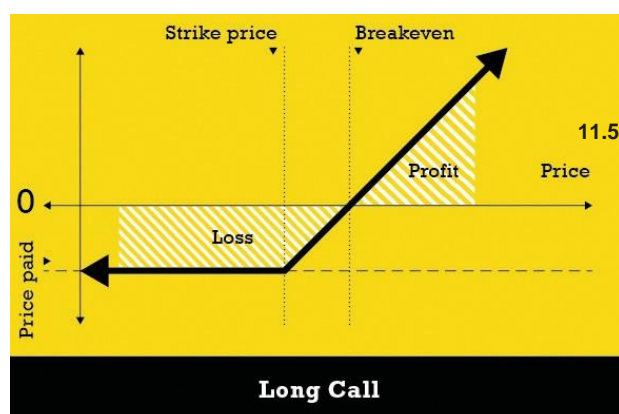
In the above example, a Handicap UP Binary on the ASX SPI 200 Index Futures might be >25 where the Underlying Instrument must settle more than 25 points above the previous close. A Handicap DOWN Binary <25 must finish more than 25 points below the previous close.

## 11.4 Option Payoff Diagrams

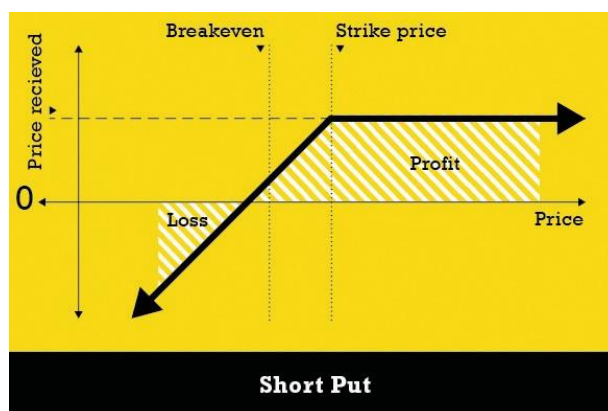
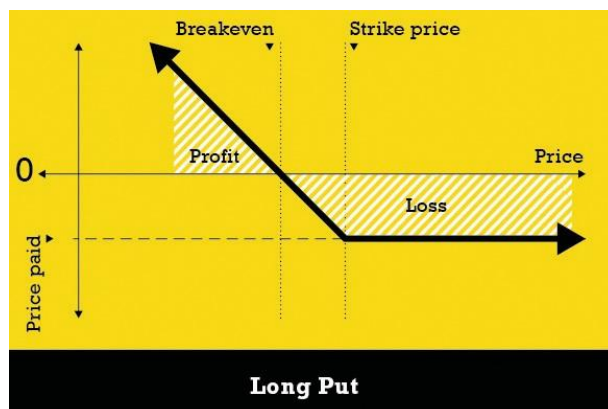
As noted above, the price of an Option CFD is determined by the price of the relevant Underlying Option. You therefore need to understand how the price of an Underlying Option varies, to understand the impact on the Option CFD.

The best way to illustrate how the price of an Option varies in relation to the price of the underlying financial instrument is to use a payoff diagram. These diagrams can be used to demonstrate the differences in Option outcomes in various scenarios. It is important to understand that these diagrams are a learning tool and have limitations.

### Standard Call Option



### Standard Put Option



### IMPORTANT !

When buying Option CFDs your losses are limited to the price paid multiplied by the number of contracts traded.

When selling Options your losses are unlimited.

### Option CFD Prices

Our Prices of Option CFDs at GCA are expressed in terms of points per contract; not percentage of face value or dollar amounts. Therefore the cost will depend on how many contracts are traded. The price of the CFD will generally track the price of the Underlying Option.

### Vanilla Option CFD Prices

The price of a CFD over Vanilla Options breaks down into two components: Time Value and Intrinsic Value.

Intrinsic Value is the portion of the premium (ie. the price of the Underlying Option) that is attributable to the In-the-Money portion of the Option price. The Intrinsic Value of a Call Option is the current price of the Option's underlying instrument less its Strike Price. The Intrinsic Value of a Put Option is the Option's Strike Price minus the current price of the Option's underlying instrument.

At-the-Money is often used to describe Options that have Strike Prices that are at or around the current price of the Option's underlying instrument.

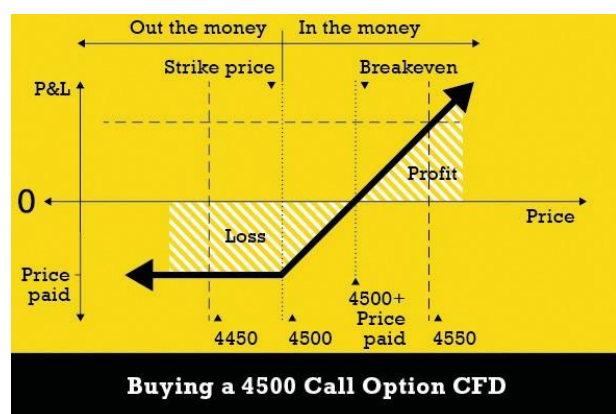
### Example

4500 Call Option CFD

Breakeven is equal to Strike (4500) plus price paid

As the market rises so will the price of your Call Option CFD.

If the Underlying Instrument settles at expiry at 4500 or below the Option CFD will be worthless.

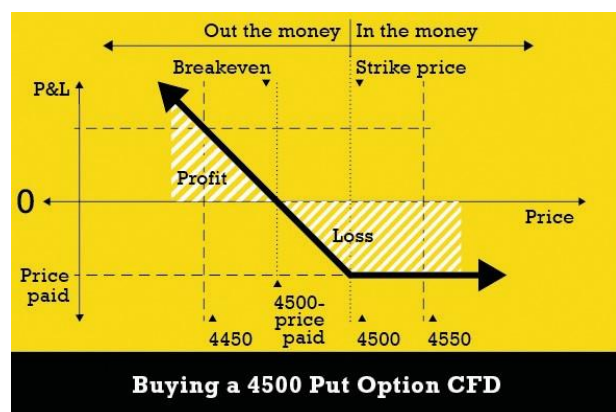


4500 Put Option CFD

Breakeven is equal to Strike (4500) minus price paid

As the market falls so will the price of your Put Option CFD. 11.6

If the Underlying Instrument settles at expiry at 4500 or above your Option CFD will be worthless.



The Time Value of an Option is equivalent to the difference between the Intrinsic Value and the Premium of the Option once any dividends or other cash flows are taken into account. The Time Value of the Option will generally decrease as the Option gets closer to Expiry, all other factors being unchanged.

### TIP !

The closer the Option to Expiry the more rapid the drop in the price.

Comparing two Options with the same Strike Price, the Option with longest period of time to Expiry will usually have the higher price, all other things being equal.

Factor	Option Price		
	In the Money	At the Money	Out of the Money
Intrinsic Value	Positive	0	0
Time Value	Low	Highest	Low

The prices of GCA Option CFDs may be based on the prices of the Underlying Options, if available. Where Our Price is derived from the price of an Underlying Option which is traded on an exchange (or the price of the Underlying Option's Underlying Instrument which is traded on an exchange), we may use the exchange price plus a spread. Our bid-offer spread may be adjusted to accommodate market liquidity or any other factors.

Where a price for the Underlying Option (or its Underlying Instrument) is not available because they are not exchange traded, GCA may calculate the price of an Option CFD using commonly accepted pricing models (such as Black-Scholes). Our Price will be depend on the following factors at any given time:

- the level of the market in the Underlying Option's underlying instrument relative to the Strike Price,
- the Volatility of the price of the Underlying Option's underlying instrument,
- time remaining to Expiry; and
- other variables.

### Binary Option CFD prices

The price of a Binary Option CFD is derived from changes in the price of the Underlying Instrument and the probability that the event will occur. All other things remaining equal, the probability of the event occurring will change as Expiry approaches. Binary Option CFDs are quoted in points and range from 0 to 100.

### TIP !

The price or probability of an event occurring (as determined by GCA) can change very rapidly in the last couple of minutes before Expiry when the price of the Underlying Instrument is close to the Strike Level. Binary Prices during this time can be very volatile.



## 11.7 Underlying Instruments

At GCA we offer Option CFD Markets on our most popular indices, currency pairs and US Crude (futures).

Underlying Instrument	Vanilla Options		
	Daily	Monthly	Quarterly
<b>Indices</b>			
ASX SPI 200 Index	8	3	3
Futures			
UK 100	3	3	3
Wall Street	3	3	3
<b>Foreign Exchange</b>			
GBP/USD	3	3	3
AUD/USD	3	3	3
EUR/USD	8	3	3
<b>Commodities</b>			
US Crude Future	3	8	8

A full list of Underlying Instruments (spot or future) for Option CFDs can be found in the Market Information.

## 11.8 Strike Prices

Strike Prices (or Strike Levels for Binary Options) will be set at regular price intervals and will depend on the price of the price of the Option's underlying instrument and the time remaining to Expiry of the Option CFD. New Strikes Prices or Strike Levels will become available when there are significant movements in the price of the Underlying Option's underlying instrument, so that Strike Prices and Strike Levels are available at a range of prices and levels relative to the current price of the underlying instrument.

Calls and Puts for Vanilla Option CFDs expiring daily will be made available at Strike Prices above and below the opening price of the Option's underlying instrument. The Market Information will be updated as new Option CFDs are released each day. Generally, the Strike Price intervals will be as set out in the table below.

Underlying Instrument	Daily Vanilla Options Strike Price intervals	
ASX SPI 200 Index Futures	- 5 points	+ 5 points
UK 100	- 10 points	+ 10 points
Wall Street	- 20 points	+ 20 points
FX	- 25 Points	+ 25 Points
US Crude	- 20 Points	+ 20 Points

Monthly and Quarterly Markets for Option CFDs will depend on the liquidity of the Underlying Option's underlying instrument. The Market Information will be updated as new Option CFDs are released.

## 11.9 Trading Hours

Please refer to the Market Information and the contract specification table in Section 10.26 for Trading Hours of particular Option CFDs and Markets.

## 11.10 Expiry Dates

A full list of Expiry dates and times can be found on the Market Information.

GCA reserves the right to change the number of Option CFD Markets made available. However, once a contract is made available it will only be removed if GCA believes it is unable to establish an orderly market or would be prejudicial to our or our customers' interests.

## Daily Expiring Option CFDs

Foreign Exchange Option CFDs expiring daily will generally become available after 17:00 Chicago Time. Option CFDs on Indices expiring daily will generally become available after the open of the Underlying Instrument.

## Monthly & Quarterly Expiring Options

Generally, GCA will offer Vanilla Option CFDs in the front two months (closest two months available to trade to the current date) and the front two quarters. New contracts will become available for monthly and quarterly expiries when there is enough liquidity in the Underlying Option's Underlying Instrument and when GCA has a reasonable basis to believe that an orderly market can be provided.

## How to deal in Option CFDs

GCA offers Vanilla Option CFDs via the Trading Platform and by telephone. Binary Option CFDs **cannot** be traded over the telephone. Binary positions can be closed over the telephone only when trading on the Trading Platform is not possible.

When placing an order over the phone it is very important to describe the Option CFD contract specifically.

By carefully following the protocol set out below errors will be minimised.

Each request for an Option CFD Price must include the following:

- Client Name and Account Number
- Number of contracts
- Underlying Instrument (e.g. ASX SPI 200 Index Futures)
- Expiry (e.g. Monday or June)
- Strike Price or Strike Level (e.g. 5,000)
- Call or Put (e.g. Call or UP or DOWN in the case of Binaries)
- Whether the interest is to Buy or Sell

Example: "May I have a price to Buy 10 ASX SPI 200 Index Futures Monday 5,000 Call Options please?"

When we provide you with Our Price, you must then decide whether you want to buy or sell the Option CFD. If you accept Our Price, the GCA Dealer will read back the proposed Trade details including the contract specification, price and transaction details. You must then confirm whether the details are correct. **Importantly, this is considered an acceptance of Our Price and is a legal and binding agreement of the Trade. Except for manifest error (that is, where the price or volume of the transaction is clearly wrong), this confirmation is considered final even if an error was made at some point during the phone conversation.** It is therefore important to speak in clear language and listen carefully to the CGA Dealer.

Remember the contract size for Option CFDs always equals 1 unit of the base currency of the Option's underlying instrument.

#### 11.14 Dealing in Option CFDs

When executing a Trade in an Option CFD the bid and offer have the same meaning as in the context of any other CFD. That is, Our Bid Price is the price at which you sell a Put or Call, Our Offer Price is the price at which you buy a Put or Call.

Binary Option CFDs, although the same in principal, require some further explanation.

Our Offer Price is the probability value of the event occurring and Our Bid Price is the probability value of the event not occurring. If you believe an event will occur then you buy the Binary. To close out the Open Position you sell.

For simplicity, the examples below are designed to illustrate different outcomes, and do not include transaction costs and charges, or any Daily Financing Fees.

##### Example 1

ASX SPI 200 Index Futures UP Monday Binary Option CFD

Previous day's close of the S&P ASX 200 (Friday) was 5,525  
Strike level 5,525  
Current price of S&P ASX 200 5,500

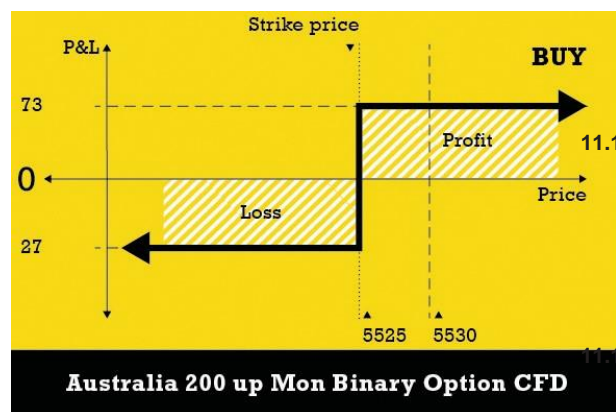
Binary Price 23-27

Buy 1 contract at 27 valued at AUD\$27.00

At the end of the day the S&P ASX 200 settles at 5,530

Therefore the event has occurred and the UP Binary Option CFD settles at Our Price of 100

Profit is  $100 - 27$  multiplied by AUD\$1 = AUD\$73



##### Example 2

ASX SPI 200 Index Futures DOWN Monday Binary Option CFD

Previous day's close of the S&P ASX 200 (Friday) was 5,525  
Strike level 5,525  
Current price of S&P ASX 200 5,540

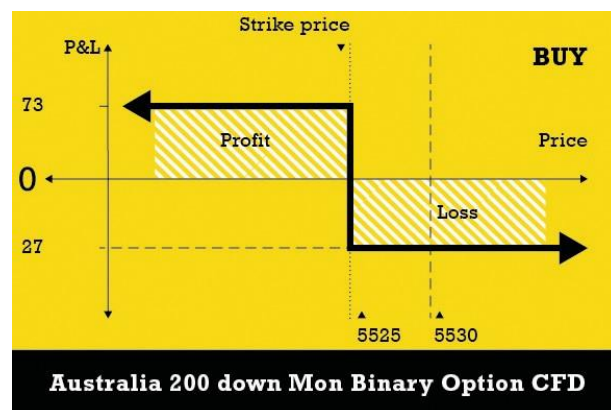
Binary Price 23-27

Buy 1 contract at 27 valued at AUD\$27.00

At the end of the day the S&P ASX 200 settles at 5,530

Therefore the event has not occurred and the DOWN Binary Option CFD settles at Our Price of 0

Loss is  $0 - 27$  multiplied by AUD\$1 = AUD\$ -27



Binary Option CFDs can be traded up to just before Expiry (See Market Information for exact times). That is, you can trade the Binary Option CFD up to the last time of dealing to realise a profit, or limit a loss. For example, if the probability of an event occurring increases then the price of the Option CFD will also increase. An Open Position in an Option CFD can be closed out at any time before last trading.

#### 11.15 Contract Size and Minimum Transaction Size

The minimum number of Vanilla Option CFD contracts that can be purchased or sold is one (1) for daily Option CFDs and ten (10) for monthly and quarterly Option CFDs and in one (1) contract increments thereafter. GCA has the right to change these minimum sizes. Option CFD contracts are denominated in the base currency of the Underlying Instrument. For example, Our Price quoted for the ASX SPI 200 Index Futures Call Option CFD is 5 - 7. Paying 7 points for 1 contract means the buyer will have a maximum exposure to loss of AUD\$7. A seller would have a maximum potential profit of \$AUD5 but an unlimited loss if the Option CFD Expires "In-the-Money" and the position has not been closed.

#### 11.16 Minimum and Maximum Binary Option CFD Trades

There are also minimum and maximum Trade sizes applicable to Binary Option CFDs. The minimum and maximum levels will depend on the contract. The complete list of minimum and maximum Trade sizes can be found in the Market Information within the Trading Platform.

#### 11.17 Payments and Receipts

Unlike options traded on exchange markets buyers (or sellers) of Option CFDs do not pay (or receive) premiums. Instead Option CFDs are provided on a margined basis and the profit or loss is determined by the difference between the price of opening and closing the transaction (and relevant transaction charges). Like other CFD contracts, the Margin Requirements are denominated in the same currency as the Underlying Instrument. Please see Margin Requirements section in Section 12.2 for further details.

### 11.18 Margin Requirements

The Margin Requirements for Option CFDs are different to those which apply to other CFDs that GCA offers.

#### Vanilla Options

The Margin Requirement for buying Vanilla Option CFDs will be the **lesser** of the following:

For buy Trades in Option CFDs with Underlying Instruments which are futures contracts for options or options-related instruments, the Margin Requirement will be the lower of:

*Quantity x Our Price; or*  
*Margin Requirement for a CFD over the equivalent quantity of the relevant Underlying Instrument (Equivalent CFD MR)*

For sell Trades in Option CFDs with Underlying Instruments which are futures contracts for options or options-related instruments, the Margin Requirement will be calculated as below:

- a) Quantity x Our Price x 2;
- b) calculate 30% of the Equivalent CFD MR;
- c) calculate 100% of the Equivalent CFD MR;;
- d) identify the greater of a) and b);
- e) the Margin Requirement is the smaller of d) or c) unless Our Price is less than 5.
- f) if Our Price for the Option CFD is less than 5 then the Margin Requirement will be 10% of Equivalent CFD MR.

Buying	Selling
Number of Contracts X Price; or  Equivalent CFD MR.	Number of Contracts X Price X 2  subject to a minimum of 30% of the Equivalent CFD MR; or  Equivalent CFD MR  (see note following this table for Our Price<5)
<b>Example:</b> Our Price                      ASX SPI 200 Index Futures Dec      4500 Put Our Price                      120-124 Underlying Price              4450	
Buy 10 Contracts @ 124 points  Either  10 Contracts X 124 points = AUD\$1240  Or  10 Contracts X 4,450 x 0.5% Margin = AUD\$222.50  Therefore the Margin Requirement is AUD\$222.50	Sell 10 Contracts @ 120 points  Either  10 Contracts X 120 points X 2 = AUD\$2400  Or  10 Contracts X 4,450 X 0.5% Margin = AUD\$222.50  Therefore the Margin Requirement is AUD\$222.50

Note: When Selling a Vanilla Option CFD, Our Price is less than 5, the minimum Margin Requirement will be reduced to 10% of the Equivalent CFD MR..



## Portfolio Margining

Within one Account, where off-setting Open Positions in both Option CFDs and other CFDs are held in the same Underlying Instrument the Account will be subject to a reduced Margin Requirement. The following rules will apply:

- A bought Call Option CFD is treated as a Long Position
- A sold Call Option CFD is treated as a Short Position
- A bought Put Option CFD is treated as a Short Position
- A sold Put Option CFD is treated as a Long Position

GCA will calculate the Margin Requirement on all long positions and all short positions but the Margin Requirement payable will be based on the larger of the two. That is if longs are greater than shorts then the Margin Requirement will be based on the longs. In the Trading Platform, the Margin Requirement for the short positions in this example will be shown as zero.

## Binary Option CFDs

Margin requirements for bought and sold Binary Option CFDs are calculated differently.

Buying		Selling	
Number of Contracts X Price		Number of Contracts X (100 – Price)	
<b>Example:</b>		ASX SPI 200 Index Futures UP Monday Binary CFD	
<b>Price</b>		25-29	
Buy 2 contracts at 29		Sell 5 contracts at 25	
Margin requirement 2 x 29		Margin requirement 5x(100-25)	
A\$58 Margin which is equal to maximum loss		A\$375 Margin which is equal to the maximum loss	

The maximum loss in respect of a Binary Option CFD is the dollar value of the Margin Requirement (plus any applicable fees and charges).

No portfolio margining is available when trading Binary Option CFDs. The Margin Requirement is not reduced if the Open Position goes In-the- Money.

### 11.19 Expiring Option CFDs

All Option CFDs will be settled upon Expiry against the official level of the relevant Underlying Instrument at Expiry.

**Example: In-the-Money Option Expiry**

ASX SPI 200 Index Futures Dec 4500 Call

Official Expiry settlement level of the ASX SPI 200 Index Futures is 4,585

Option price settled at 85

**Example: Out-of-the-Money Option Expiry**

ASX SPI 200 Index Futures Dec 4500 Call

Official Expiry settlement level of the ASX SPI 200 Index Futures 4,400

Option price settles at 0.

### 11.20 Option CFD Examples

For simplicity, the examples below are designed to illustrate different outcomes, and do not include transaction costs and charges, or any Daily Financing Fees.

**Example: Buying Call Option CFD**

You believe the GBP/USD exchange rate will rise today. The current GBP/USD FX CFD rate is 1.6340. You want to limit your maximum loss so you decide to buy a Call Option CFD.

GCA offers a range of Strike Prices and the closest to the current spot that is offered is 16350. Your opinion relates only to today so you decide to buy a Daily Option.

Our Price of the Daily GBP/USD 16350 Call is 17 – 20.

You buy 10 contracts (worth USD1 per contract) for 20 points.

The Margin Requirement is Number of Contracts X Price (10 X USD\$20 = USD\$200); or

The Margin Requirement in the equivalent FX CFD (GBP20,000 X 1.6350) x 0.5% = USD\$163.50)

Your Margin Requirement is therefore USD\$163.50.

**Buying a Daily FX Call Option CFD and making a profit**

At the official settlement time (Chicago Close), the spot GBP/USD rate has indeed risen to 1.6460 and the Option settles at 110.

The profit on the Option is calculated as:

$(\text{Settlement Price} - \text{Purchase Price}) \times \text{Number of Contracts} = (110 - 20) \times 10 \text{ Contracts} = \text{USD\$900}$

The USD\$900 profit is credited to your Account once the Trade is settled.

This is equal to the Intrinsic Value of the Option CFD minus the Premium at which the Option CFD was opened.

**Buying a Daily FX Call Option CFD and making a loss**

At the official settlement time (Chicago Close), the spot GBP/USD rate has fallen to 1.6240. The Option finishes Out-of-the-Money and Expires worthless settling at 0 points.

The loss on the Option is calculated as:

$(\text{Settlement Price} - \text{Purchase Price}) \times \text{Number of Contracts} = (0 - 20) \times 10 \text{ Contracts} = \text{USD\$200}$

**Example: Buying a Put Option CFD**

You believe the Index CFD over ASX SPI 200 Index Futures will rise today. Currently, the Index CFD is trading at 4800 - 01. You want to limit your maximum loss so you decide to buy a Put Option.

GCA offers a range of Strike Prices. You think it might take up to a month for the Index to fall and you don't want to risk too much so you decide to buy a Monthly Option Out-of-the-Money.

GCA currently makes a market in an ASX SPI 200 Index Futures June 4650 Put and the price is 12 – 15. You decide to buy 20 Contracts at 15.

The Margin Requirement is Number of Contracts X Price (20 X AUD\$15 = AUD\$300); or

The Margin Requirement in the equivalent Index CFD (4,800 X 20 Contracts) x 0.5% = AUD\$480)

Your Margin Requirement is therefore AUD\$300.

**Buying a Monthly Australia 200 Put Option CFD and making a profit**

After 1 week the ASX SPI 200 Index Futures has moved in your favour and the Index CFD over ASX SPI 200 Index Futures is 100 points lower at 4,700. Our Price in the Put Option rises to 45 – 48 and you decide to sell the Option realising a profit of:

$(\text{Sell Price} - \text{Buy Price}) \times \text{Number of Contracts} = (45 - 15) \times 20 = \text{AUD\$600}$ .

**Buying a Monthly Australia 200 Put Option CFD and making a loss**

After 1 week the ASX SPI 200 Index Futures has rallied and is currently trading at 4900 – 01 and the ASX SPI 200 Index Futures June 4650 Put is quoted at 4 – 7.

You decide to cut your loss and sell the Option CFD at the price of 4.

Your loss on the trade is calculated as:

$(\text{Buy Price} - \text{Sell Price}) \times \text{Number of Contracts} = (15 - 4) \times 20 = \text{AUD\$220}$ .

Maximum loss: When buying Option CFDs, the maximum loss you can incur is the price at which the Option CFD position was opened, multiplied by the number of contracts.

Your profits are potentially unlimited.

**Example: Selling a Call Option CFD**

You are confident the UK100 Index CFD will not rally in price significantly between now and the end of the month. Currently, the UK100 Index CFD is trading at 5,450 - 01.

You have read that most Options Expire Out-of-the-Money and understand that by selling you can potentially earn the Time Value remaining on an Option that is nearing Expiry. GCA offers a range

of Strike Prices and you choose a 5,500 Put Option CFD which is 50 Points out-of-the-Money.

Our Price for the UK100 June 5,500 Call is 30 – 33. You decide to sell 10 contracts.

The Margin Requirement is Number of Contracts X Price X 2 (10 X GBP30 X 2) = GBP600; or

The Margin Requirement in the equivalent Index CFD (5,450 X 10 Contracts) x 1% = GBP545)

Your Margin Requirement is therefore GBP545.

### **Selling a Monthly UK100 Call Option CFD and making a profit**

At Expiry, the UK100 Index has fallen 90 points to 5,360, and the 5,500 Call Option Expires worthless and settles at zero.

You realise a profit on your Option CFD position of:

(Sell Price – Settlement Price) X Number of Contracts = (30 – 0) X 10 = GBP600

### **Selling a Monthly UK 100 Call Option CFD and making a loss**

If the market moves against you and the UK100 Index settles at 5,540. The 5,500 Call Option CFD Expires In-the-Money and settles at 40 (5,540-5,500).

Your loss on the trade is calculated as:

(Settle Price – Sell Price) X Number of Contracts (40 – 30) X 10 Contracts = GBP100.



### **Example: Selling a Put Option CFD**

You are very confident the price of US Crude Oil is going to rise today. Currently, the US Crude June CFD is trading at USD\$80.00 – 80.50.

You are so confident that you decide to sell an “In-the-Money” CFD Option to earn the Intrinsic Value and speculate that the Option will Expire Out-of-the-Money. GCA offers a range of Strike Prices and you choose a 7950 Put which is 50 Points In-of-the-Money.

Our Price for the Daily US Crude Oil 7960 Put is 45 – 43. You decide to sell 20 Contracts.

The Margin Requirement is Number of Contracts X Price X 2 (20 X 45 X 2) = USD\$1,800; or

The Margin Requirement in the equivalent Commodity CFD (80.50 X 20) X 1% = USD\$1,610

Your Margin Requirement is therefore USD\$1,610.

### **Selling a Daily US Crude Oil Put Option CFD and making a profit**

At the end of the day (Chicago Close) the US Crude June CFD rallies in your favour and closes USD\$1 higher at \$81.00. The Daily US Crude 7960 Put Option CFD Expires at Out-of-the-Money and worthless at zero.

You realise a profit on your Option CFD position of:

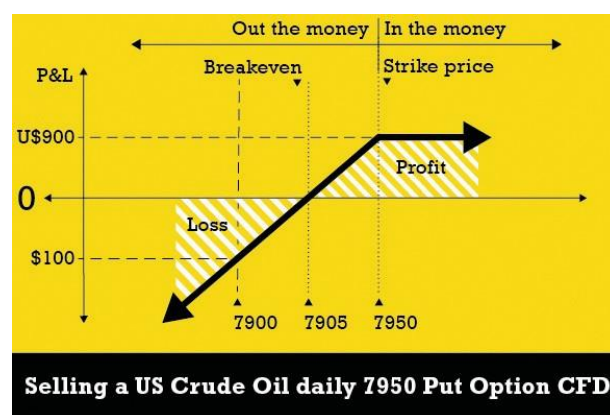
(Sell Price – Settlement Price) X Number of Contracts = (45 – 0) X 20 = USD900.

### **Selling a Daily US Crude Oil Put Option CFD and making a loss**

If the market moved against you and the US Crude Oil June CFD falls in price by USD\$1 to USD\$79.00, the Daily US Crude Oil 7950 Put Option CFD Expires In –the-Money and settles at USD50.

Your loss on the trade is calculated as:

(Sale Price – Settlement Price) X Number of Contracts = (45 – 50) X 20 = USD\$100.



Unlimited risk: Selling Option CFDs means your losses are potentially unlimited, for Call Option CFDs, and very large for Put Option CFDs. Your maximum profit is the sale price at which you opened the Put Option CFD, multiplied by number of contracts.

## **Binary Option CFD Examples**

For simplicity, the examples below are designed to illustrate different outcomes, and do not include transaction costs and charges, or any **Daily Financing Fees**.

### **Buying Binary Option CFDs**

The financial outcome we will use for this example is whether, at the close, the price of the UK100 Index CFD closes at a higher price than the previous day's close of 5,460.

If the UK100 Index settles at or above 5,460, the Binary Option CFD will expire at 100. If the UK100 Index closes below the previous closing level, the Binary Option CFD will expire at 0.

At 1600hrs (GMT) the UK100 Index is down 2 points at 5,458 and you believe that the UK100 Index will rally before closing which will occur at 1636hrs (GMT) . At 1600hrs (GMT) Our Price for Daily UK100 Index UP Binary Option CFD is 43 – 47.

**Buying a UP Binary Option CFD and making a profit**

You buy 10 Daily UK100 Index UP Binary Option CFDs at 34 for GBP1.00 per contract.

The Margin Requirement is Number of Contracts X Price (10 X 34) = GBP340

While the Binary Option CFD position remains open your unrealised profit and loss will fluctuate with movements in the UK100 Index. At the end of trading, the UK100 Cash market closes up at 5,465. This means the event has occurred and the UP Binary Option CFDs Expires at 100 points and you realise a profit on the bought Option position.

The profit on the Daily UK100 UP Binary Option CFD is calculated as:

(Settlement Price – Buy Price) X Number of Contracts = (100 – 34) X 10 = GBP660.

**Buying a UP Binary Option CFD and making a loss**

The UK100 Cash Market closes relative to yesterday's close of 5,460. The UP Binary Option CFD Expires at 0 and you make a loss. The loss on the Daily UK100 Index UP Binary Option CFDs can be shown as:

(Settlement Price – Buy Price) X Number of Contracts = (0 – 34) X 10 Contracts = GBP340.

**IMPORTANT !**

**When buying a DOWN Binary Option CFD the closing price of the Underlying Instrument must be below the previous day's close for the event to occur and to realise a profit. If the Underlying Instrument closes at the same level as the previous day then the Binary Option will be valued at zero.**

**Selling Binary Option CFDs**

The financial outcome we will use in this example is whether, at the close, the price of the Wall Street Cash Index will close at a lower price level than the previous close of 10,500. At 1600hrs (GMT), the Wall Street Cash Index 10,455 and Our Price on the DOWN Binary Option CFD is at 55 - 58.

**Selling a DOWN Binary Option CFD and making a profit**

You are confident that the Wall Street Cash Index will rally into the close. Rather than buying an UP Binary you decide to sell 5 Daily Wall Street Index DOWN Binary Option CFDs at 55 points.

The Margin Requirement is Number of Contracts X (100 – Price) = 5 X (100 - 55) = USD\$225

As you thought there is a late afternoon recovery in the Wall Street Cash Index and the Index settles at 10,501. The DOWN Binary Option CFD Expires at 0 and you make a profit. Your profit on the Daily Wall Street DOWN Binary Option CFD can be shown as:

(Sale Price – Settlement Price) X Number of Contracts = (55 – 0) X 5 Contracts = USD\$275.

**Selling a DOWN Binary Option CFD Position and making a loss**

You sold the 5 Daily Wall Street Index DOWN Binary Option CFDs at 55 points. However, the market continues to fall and the Wall Street Cash Index settles at the end of the day down at

10,460. The DOWN Binary Option CFD Expires and settles at 100 and you make a loss. Your loss on the Daily Wall Street Index DOWN Binary Option CFDs can be shown as:

(Settlement Price - Sale Price) X Number of Contracts = (0 – 55) X 5 Contracts = USD\$275

**11.22 Orders you can place**

You can only execute Market Orders in Option CFDs; you cannot place Limit or Stop-loss orders.

Minimum Trade size will depend on the type of Option CFD (See Market Information).

**11.23 Risks**

You must familiarise yourself with the nature of Option CFDs and Binary Option CFDs. We have identified here the major risks of dealing in Option CFDs. However, the issues discussed are not exhaustive and should be read in conjunction with the Risk Section of the PDS.

Trading Option CFDs can be more complicated than trading other CFD products and it is important to know the difference between dealing in Calls and Puts and going long and short Option CFDs. It is also important to understand that the price of an Option CFD is not solely dependent on the market for the Underlying Instrument. Other factors such as those discussed in the pricing section will affect the price.

**Market Risk**

When buying Vanilla or Binary Option CFDs your risk is limited to the number of contracts multiplied by the price at which the Open Position is established. When selling a Vanilla Option CFD the risk is unlimited as there is no upper limit to the price of the Option CFD. Therefore the writer may be obligated to buy back the Option CFD to close a sold position at any price. If the Option CFD finishes at zero, the writer can buy back the Option CFD at zero at Expiry and will receive the full sale price of the Option CFD multiplied by the number of contracts.

**Limited Hours Trading**

The Option CFDs offered by GCA trade limited hours and are not quoted outside the normal operating hours of the market for the relevant Underlying Option or the Option's Underlying Instrument. That is, there will be times when GCA may not provide a price as the Underlying Option or the Option's underlying instrument may not be traded. In these cases, you will not be able to close a position.

**Restricted Orders**

No stop losses can be placed on your Open Positions in Option CFDs. This means, that you must be able to monitor your Open Positions and trade using Market Orders to limit your losses.

**Suspension**

In some circumstances an Underlying Option, or its Underlying Instrument, can be suspended which may cause extreme volatility in Our Price for an Option CFD or suspension of prices. Where there is an underlying option market and prices of the underlying options are available, we will generally be able to quote a price. In other circumstances when trading daily Option CFDs and Binary Option CFDs it may be impossible for GCA to evaluate whether a financial event has occurred or determine the Settlement Price of an Option CFD. In these circumstances GCA may take such actions as specified in our Customer Agreement.

**Spread**

Due to a lack of liquidity or extreme volatility the bid-offer spread quoted by GCA may change. This means that the price must move further in your favour to realise a profit. Or conversely, may increase your potential loss.

**Volatility**

As Binary Option CFDs approach Expiry their prices typically display high volatility. A relatively small movement in the price of the Underlying Instrument may result in a significant price movement of the relevant Option CFD.

All profits and losses are then converted to your Base Currency before being applied to your Account.

**11.25 Financing Fees and Transaction Fee**

No Daily Financing Fee or Transaction Fee are payable on Option CFDs Trades.

We do not, nor do our counterparties, currently receive a share of commission or similar payments from other persons in connection with any Trade in Option CFDs. If this changes we will inform you.

**11.24 Profits and Losses**

All Open Positions in Option CFDs are settled against the closing price and when positions are closed the profit or loss is calculated in the currency of the Underlying Instrument.

**11.26 Contract Specifications**

Local Times (ELT-Exchange local time)

Daily Expiry	Trading Hours	Trade Per	Min. Trade (Base Ccy)	Last Trade	Basis of Expiry
Australia 200 Option CFDs on Cash	10.00-15.59	1	A\$1	15.59 daily	Official ASX cash settlement closing level after the auction at approx. 16.10
UK 100 Option CFDs on Cash	08.00-16.29	1	£2	16.29 daily	Official FTSE cash settlement closing level after the auction at approx. 16:36.
Wall Street Option CFDs on Cash	02.00-15.59	1	\$2	15.59 daily	Official Dow Jones cash settlement closing level at approx. 16:03.
US Crude Oil Option CFDs on Futures	02.00-13.25	1	\$2	13.25 daily	Official NYMEX Near month Futures settlement level at 13:30 (printed about 20min later).
Currency Option CFDs on Spot FX	02.00-13.55	1	2	13.55 daily	Official Bloomberg retail spot rate at (or first print Immediately after) 14:00.

Monthly Expiry	Trading Hours	Trade Per	Min. Trade (Base Ccy)	Last Trade	Basis of Expiry
Australia 200 Option CFDs On Cash	10.00-16.00	1	\$10AUD	16.00 on the Wednesday before the 3rd business Thursday	Official ASX settlement price on last day of trading
UK 100 Option CFDs on Cash	08.00-21.00	1	£10	10.00 on the 3rd business Friday of the contract month.	Official LIFFE settlement price on last day of trading.
Germany 30 Option CFDs on Cash	08.00-16.29	1	eur10	12.00 on the 3rd business Friday of the contract month.	Official EUREX settlement price on last day of trading.
US SP 500 Option CFDs on Futures	08.30-15.15	0.1	\$10	15.00 on the 3rd Friday of the contract month.	Official CME settlement price on last day of trading at 15:15.
IMM Currency Option CFDs on FX Future	23 hours	1	10	Contact dealer for Expiry dates	Official IMM settlement price
Wall Street Option CFDs on Futures	08.30-15.15	1	\$10	15:00 on the 3rd Friday of the contract month	Official CBOT settlement price on last day of trading at 15:15.

Quarterly Expiry	Trading Hours	Trade Per	Min. Trade (Base Ccy)	Last Trade	Basis of Expiry
Wall Street Option CFDs on Futures	08.30-15.15	1	\$10	15:00 on the 3rd Thursday of the contract month	Official CBOT settlement price of contract month (Special Opening Quotation calculated from 08:30).
US SP 500 Option CFDs on Futures	08.30-15.15	0.1	\$10	15.00 on the 3rd Thursday of the contract month	Official CME settlement price of contract month (Special Opening Quotation calculated from 08:30).

Binary Options	Trading Hours	Trade Per	Min. Trade (Base Ccy)	Last Trading on Expiry	Settlement Basis
Australia 200 Daily	10.00-15.59	1	\$1AUD	15.59 daily	Official Cash settlement of ASX at 4pm
UK 100 Daily	08.00-16.29	1	£1	16.29 daily	Official Cash settlement of FTSE after auction at 16.30
Wall Street Daily	01.00-14.59	1	\$1	15.59 daily	Official Cash settlement of Wall Street at 15.03
US Crude Oil Daily	01.00-13.25	1	\$1	13.25 daily	Official settlement price from NYMEX at 13.30
Currency Daily	01.00-13.55	1	\$1	13.55 daily	First print from Bloomberg at or after 14.00

All US times are in Chicago time



## 12. Margined FX Contracts

### 12.1 Dealing Foreign Exchange

A Margin FX Contract is a rolling spot foreign exchange contract you and GCA in relation to an agreed currency pair. When you propose to enter into any Margin FX contract you will be asked to nominate a quantity and the two currencies in the relevant currency pair. In every Margin FX Contract there are two currencies as follows:

1 fixed unit of a currency = X variable units of another currency.

The fixed currency is called the “base” currency and the variable currency is called the “terms” currency. Together, these are known as the currency pair. The currencies involved in any Margin FX contract must be currencies which are offered by GCA.

There is always a long (bought) and a short (sold) side to a Trade, which means that you are speculating on the prospect of one of the currencies strengthening and one of them weakening.

Your Margined FX Contract may be rolled until you decide to close out the Trade or it reaches Expiry, provided that you continue to meet your Margin Requirements and maintain the required Account balance.

### 12.2 Examples of opening and closing Margined FX Contract

A foreign exchange quote, e.g. AUD/USD “0.7510/14” represents the bid/offer spread in this case for AUD/USD. The rate of 0.7514 is the rate at which you can buy AUD against the US dollar. The rate of 0.7510 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. GCA is quoting AUD/USD 0.7510/0.7514.

First you need to establish a long position in AUD.

*Opening Buy:*

You buy AUD\$100,000 @ 0.7514

The AUD appreciates against the US dollar and you wish to close the position. GCA is now quoting 0.7590/0.7594

*Closing Sell:*

You sell AUD\$100,000 @ 0.7590

*Profit/loss Calculation:*

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

(0.7590 - 0.7514) x 100,000 = USD\$760 Profit

- **“Going long and making a loss”**

You wish to speculate on the AUD/USD believing that the AUD will strengthen against the US dollar. GCA is quoting 0.7510/0.7514.

*Opening buy:*

You buy AUD \$100,000 @ 0.7514

Your view is wrong and the AUD depreciates against the US dollar. You now wish to close the position. GCA is now quoting 0.7438/0.7442.

*Closing Sell:*

You sell AUD\$100,000 @ 0.7438

*Profit/Loss Calculation:*

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

(0.7438 - 0.7514) x 100,000 = USD\$760 Loss

- **“Going short” and making a profit**

You wish to speculate on AUD/USD believing that the AUD will weaken against the US dollar. First you need to establish a short position in AUD.

GCA is quoting AUD/USD 0.7590/0.7594.

*Opening Sell:*

You sell AUD\$100,000 @ 0.7590

The AUD depreciates against the US dollar and you wish to close the position. GCA is now quoting AUD/USD 0.7510/0.7514.

*Closing Buy:*

You buy AUD\$100,000 @ 0.7514

*Profit/loss Calculation:*

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

(0.7590 - 0.7514) x 100,000 = USD\$760 Profit

- **“Going short and making a loss”**

You wish to speculate on the AUD/USD believing that the AUD will depreciate against the USD. GCA is quoting 0.7510/0.7514.

First you need to establish a short position in AUD.

*Opening sell:*

You sell AUD\$100,000 @ 0.7510

Your view is wrong and the AUD appreciates against the US dollar. You now wish to close the position. GCA is quoting 0.7582/0.7586.

*Closing Buy:*

You buy AUD\$100,000 at 0.7586

*Profit/Loss Calculation:*

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

(0.7510 - 0.7586) x 100,000 = USD\$760 Loss

- **Interest you may receive or pay when Margined FX Contract positions are rolled over**

If you hold a Margined FX Contract position overnight, your position will be rolled over, resulting in you paying or receiving interest at the GCA Rollover Rate as described in Section 14.7.



### 12.3 FX Rollover

Margined FX Contract position that are rolled over will result in you paying or receiving interest at the GCA Rollover Rate.

The GCA Rollover Rate for Margined FX Contracts is a varying rate 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 GCA spread that is applied at GCA's discretion.

The interbank rate is the interest rate differential between the two applicable currencies. For example, if you have a long AUD/USD position and interest rates are higher in AUD than in US dollars then you receive interest at the GCA Rollover Rate if you hold the position overnight. This is because you are holding the higher yielding currency. However, if the USD interest rate is higher than AUD then the interest rate differential will cause you to be charged interest at the GCA Rollover Rate if you hold the position overnight.

The interest that you pay or receive at the GCA Rollover Rate is reflected in the price at which the Open Position is rolled Future.

### 12.4 Margined FX Contract prices

Refer to Section 5.5 for a description of how Margined FX Contract prices are determined.

## 13. Margin Obligations

### 13.1 What is Margin?

Margin generally refers to the deposit requirements to first establish and then to maintain Open Positions in CFDs or Margined FX Contracts.

### 13.2 Margin Requirement

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

When you place an order or execute a Trade you must have at least enough Trading Resource to cover the Margin Requirement for the Trade and any fees and charges applicable including the spread.

You can calculate the Margin Requirement for a trade by using the Margin Factor which will vary from Market to Market and is generally expressed as a percentage or number. The Margin Factors for each applicable instrument are set out in the Market Information on the Trading Platform.

The Margin Requirement may also be affected by changes in the exchange rate between the Base Currency and the currency of any Open Position. Failure to maintain your Margin Requirement may be treated as an Event of Default under the Customer Agreement.

- **Share CFDs**

The Margin Requirement on individual Share CFDs are generally between 5-20% of the notional value of your Open Position. For example, if the Margin Requirement is 10%, with an AUD\$10,000 initial deposit you can deal in Share CFDs with a notional value of up to AUD\$100,000.

- **Index CFDs**

The Margin Requirement rate on Index CFDs is generally between 0.5-5%. For example, with an AUD\$10,000 initial deposit you can deal in Index CFDs with a notional value of up to AUD\$2,000,000.

- **Commodity CFDs**

The Margin Requirement on Commodity CFDs is between 1-12.5%. For example, with an AUD\$30,000 initial deposit you can deal in Commodity CFDs with a notional value of up to AUD\$1,000,000.

Commodity CFDs trade as an amount per point increment. These point increments range from 0.01 to 1.0, so margin requirements vary between the differing Commodity CFDs.

Your Margin Requirement can be calculated generally as follows:

$$[(\text{Quantity} \times \text{Contract price}) / \text{price increment}] \times \text{margin factor}$$

**For example**

You buy 10 USCRUDE DEC10 CFDs @USD\$50

You Margin Requirement can be calculated as follows

$$[(10 \times 50) / 0.01] \times 3\% = \text{USD\$1500}$$

Upon Expiry of the Commodity CFD your position will be closed out at the Settlement Price on Expiry of the CFD contract.

Unless specifically requested, GCA will NOT re-open the position in the next serial contract.

If requested, the position will be re-opened at the prevailing Our Price of the next serial CFD contract.

The Settlement Price of the new contract may be different to that of the previously expired CFD contract. This may result in your Margin Requirement of your new Commodity CFD contract being greater or less than the Margin Requirement for the expired CFD contract.

In the event that the Margin Requirement of the new CFD contract is greater than that of the previously expired CFD contract you may be required, at short notice, to deposit further monies as margin in order to maintain your CFD position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time your CFD position may be liquidated. You will be liable for any shortfall in your Account resulting from that liquidation.

- **Cryptocurrency CFDs**

The Margin Requirement on Cryptocurrency CFDs will generally be 25% of the notional value of your Open Position up to an AUD\$80,000 notional value. For example, the Margin Requirement is 25%, with an AUD\$10,000 initial deposit you can deal in Cryptocurrency CFDs with a notional value of up to AUD\$40,000.

- **Margined FX Contract**

GCA's Margin Requirements for Margined FX Contracts will vary according to the size of the transaction and the currency pair you will be dealing in.

A 0.5% Margin Requirement to open and maintain a Margined FX Contract position is normally sufficient, although we may require a higher percentage at our discretion.

- **Option CFDs**

Please refer to the Section 12 for discussion of how Margin Requirements for Option CFDs are calculated.

### Order Aware Margining

Order Aware Margining offers the potential to reduce Margin Requirements. In certain circumstances a reduction in margin is available on Open Positions when a Stop-loss Order or a Guaranteed Stop-loss order is placed. Order Aware Margining is only available for a limited range of Markets and details are provided in the Trading Platform.

If Order Aware Margining is applicable, and a standard Stop-loss Order is placed, the Margin Requirement will be calculated as the higher figure of:

- The standard Margin Requirement multiplied by the Order Aware Margining minimum percentage; or
- the difference between the specified Stop-loss price and

Our Price, multiplied by Number of CFDs.

Note that, in the case of Limited Risk Accounts, the Margin Requirement will always be (b) above.

**For example**

Long Position of 5 contracts in the ASX SPI 200 Index Futures  
Sep 10 CFD at Our Price of 4850 with a Stop-loss Order at  
4800.

If the Margin Factor is 5% and the Order Aware minimum margin is 75%, the Margin Requirement will be the **higher** of:

- a) the Margin Requirement using the Margin Factor multiplied by the Order Aware Margining minimum percentage,  
 $5 \times 4850 \times 5\% \times 75\% = \$909.38$ , or
  - b) the difference between the specified Stop-loss price and Our Price, multiplied by Quantity  
 $(4850 - 4800) \times 5 = \$250$
- In this case, a) is higher than b), so the Margin Requirement will be \$909.38.

Please note, you will not be charged any higher than the standard Margin Requirement.

If Order Aware Margining is applicable, and a Guaranteed Stop-loss order is placed, the Margin Requirement will be calculated as the **lower** of:

- a) the Margin Requirement as standard using the Margin Factor, or
- b) the difference between the specified GSLO price and Our Price, multiplied by Number of CFDs

#### For example

Long Position of 5 contracts in the ASX SPI 200 Index Futures Sep 10 Index CFD at Our Price of 4,850 with a Stop-loss Order at 4750. If the Margin Factor is 5%, the Margin Requirement will be the **lower** of:

- a) the standard Margin Requirement using the Margin Factor,  
 $5 \times 4850 \times 5\% = \$1,212.50$ , or
  - b) the difference between the specified GSLO price and Our Price, multiplied by Quantity,  
 $(4850 - 4750) \times 5 = \$500$
- In this case, b) is lower than a), so the Margin Requirement will be \$500.

### 13.4 Net Equity and Trading Resources

The Net Equity of your Account (being the aggregate of all currency balances in your Account and any unrealised profits and losses on Open Positions in 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 then prevailing price. Your Net Equity balance is constantly calculated in line with price movements.

We calculate your Trading Resource as the difference between your Net Equity and the Margin Requirements applicable to Open Positions in your Account. This enables us and you to assess your available margin against current Open Positions, any new positions you may wish to take and whether there is a requirement for additional margin deposits on your Account.

Once an Open Position is established, the Margin Requirement must always be maintained for the Open Position. 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 Trading Platform.

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.

### 13.5 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 GCA's Products, except to reduce your Open Positions until such time as your Trading Resources are positive. This is in addition to all other rights GCA has when there is such a shortfall in your Account equity.

### 13.6 Margin Level

The Margin Level is the ratio of Net Equity (the sum of your Cash and Unrealised P & L) to Total Margin (expressed as a percentage). Your Margin Level is stated on the Trading Platform.

If the market moves against you and your Net Equity falls below the Total Margin you have the option to:

- close one or more of your Open Position(s), in order to reduce your Total Margin; and/or
- remit further funds to your Account as deposit.

The ratio between Net Equity and Total Margin is referred to as the Margin Level.

$$\text{Margin Level} = \frac{\text{Net Equity}}{\text{Total Margin}}$$

Customers must maintain a Margin Level at or above 50% (Margin Close Out Level) at all times.

Please note that the application of any amount of Waived Margin will affect the calculation of Margin Level during the Promotion Period of any Introductory Waived Margin promotion. Please refer to the Terms and Conditions of the Introductory Waived Margin promotion for details. The Terms and Conditions are available on our website.

The allocation of Credit pursuant to clause 14 of the CFD Customer Agreement will also affect the calculation of Margin Level. During any Promotion Period, the Margin Level equals to:

$$\text{Margin Level} = \frac{\text{Net Equity} + \text{Credit}}{\text{Total Margin}}$$

### 13.7 Margin Close Out

We may close all of your Open Positions immediately without notice if the Margin Level reaches or falls below 50%. This is the Margin Close Out Level. We may alter this Margin Close Out Level at any time with three (3) days prior notice.

If the Margin Close Out Level has been triggered, GCA may close all of your Open Positions and you may be restricted from dealing on your Account until your Trading Resources are positive.

GCA does not represent or warrant, or give any assurance that your Open Positions will be closed out when the Margin Level for your Account reaches the Margin Close Out Level.

Furthermore, you will be liable for those losses, although GCA had the right to close out your Open Positions 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 4 for further information.

It is your responsibility to monitor your Accounts at all times and to maintain your Margin Requirements, and not rely on GCA to close out your Open Positions should they be nearing, or exceed, the Margin Close Out levels. You may do this by reviewing your Account details on the Trading Platform. You may also contact our Client Management 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.

### 13.8 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 GCA 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 Open Positions is to restore the Account Margin Level to greater than 50%, GCA may, at its sole discretion, not close out any remaining Open Positions in the Account.

This may occur, for example, where we are unable to close a position because the market is closed. If, upon reopening of the Underlying Instrument the Margin Level is greater than 50% we may elect not to close the position. However, there is no obligation on GCA to do so. Whether we close an Open Position is solely at GCA's discretion.

The Margin Close Out Level is designed to help limit the extent of your trading losses and is for GCA's benefit alone. We do not 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.

### 13.9 Banking Hours

Due to the limited operating hours of the banking system GCA may not receive margin deposits immediately. Accordingly, you should always maintain adequate funds in their GCA Account to cover unforeseen adverse market movements.

### 13.10 Deposits

Any number of different currencies may be deposited to your GCA Account including Australian dollars, New Zealand dollars, US

dollars, Singapore dollars or Hong Kong dollars as well as Euro by electronic transfer or Credit Card payment.

### 13.11 Fund withdrawals

You may withdraw funds by making a withdrawal request to our Client Management Department. Withdrawals are obviously subject to you leaving enough funds in the Account to meet your current margin obligations and any minimum amount that GCA requires you to hold in your Account. GCA will not pay funds to any third party account.

### 13.12 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 Trading decrease your Net Equity, and therefore the Trading Resources available for executing further Trades and maintaining Open Positions.

## 14. Orders you can place

### 14.1 How to open and close CFD or Margined FX Contract positions

A position is opened by buying or selling CFDs or Margined FX Contracts:

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

In respect of a CFD, an Open Position is closed by you entering into an equivalent and offsetting Trade in the relevant CFD. Closing your position may result in a profit or loss being realised on your Account.

You may close part of an Open Position by executing an equivalent and offsetting Trade of a lesser amount than the Open Position.

A Margined FX Contract can only be closed by identifying the existing Open Position on the Trading Platform and pressing the Close button.

### 14.2 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 GCA's 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, GCA has an absolute discretion whether or not to accept and execute any such request. Before you place an order for the first time, we recommend that you read the trading examples on the Website so that you fully understand the features of the order type.**

### 14.3 Stop-loss orders

A Stop-loss order is an order placed to limit the loss on an Open Position:

- **Share CFD Example**  
You have bought (long) 1,000 Qantas CFDs at an opening price of AUD\$3.30. You believe Qantas CFDs will strengthen but, want to limit any potential losses and place a GTC Stop-loss order to sell (short) 1,000 Qantas CFDs at AUD\$3.00, thus limiting your losses if Qantas falls to AUD\$3.00 or below.
- **Index CFD Example**  
You have bought (long) 10 CFD contracts 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.

- **Margined FX Contract Example**

You have bought the EUR/USD and our current quote is 1.41140/1.41150. A Stop-loss order could be placed to close the position if the market falls to 1.41000 (14 points lower).

- **Cryptocurrency CFD Example**

You have bought 1 Bitcoin CFD at 20100. A Stop-loss order could be placed to close the position if the market falls to 20000 (100 points lower).

Stop-loss orders must be placed a minimum distance from the current Bid and Offer prices as determined by GCA 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, GCA will execute your 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, GCA will complete the execution. In an extreme circumstance, such as a market suspension, GCA may not be able to determine a price. Refer to Section 4.2 for more information.

Stop-loss orders placed on Margined FX Contracts and CFDs (other than Share CFDs) may be filled if the price published for the relevant contract by GCA 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. To avoid such risks you may wish to consider placing a Guaranteed Stop-loss order with GCA. This type of order is described below in Section 13.9.

### 14.4 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 GCA's discretion.

### 14.5 Trailing stop orders

A trailing stop order is one that can be set at a defined percentage away from a product's current market price. For example, a long order could be placed with a trailing stop to close the position if more than 5% of the products value is lost in a given period of time. A trailing stop allows the position to remain open across small market fluctuations, whereas a standard stop order with a

fixed price does not allow such flexibility, resulting in positions being closed on small price fluctuations



#### 14.6 Limit orders

A Limit order is used to place either a closing order to take a profit on an Open Position in a CFD or a Margined FX Contract at a predefined rate set by you, or as an opening Trade at a more favourable rate than the current price for that CFD or Margined FX Contract.

A Day order means that the order you place will be cancelled at Trading Close. Should you want to maintain that order in the Trading Platform after Trading Close, you will have to resubmit that order.

- **As an order to take a profit on an Open Position.**

##### *Share CFD Example*

You have bought (long) 1,000 Qantas CFDs at an opening price of AUD\$3.30. You believe Qantas CFDs will strengthen to AUD\$3.90. You place a GTC Limit order

to sell 1,000 Qantas CFDs at AUD\$3.90. If the Qantas CFD rises to \$3.90 bid or above your order will be filled provided there is sufficient liquidity in the Underlying Instrument.

##### *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.

##### *Cryptocurrency CFD Example*

You have bought (long) 1 Bitcoin CFD contract at an opening price of 20100. You believe the value of the Bitcoin CFD will strengthen to 21000. You place a Limit order to sell 1 Bitcoin CFD contract at 21000. If the Bitcoin CFD rises to 21000 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 contract.**

##### *Share CFD Example*

A Qantas CFD is currently quoted by GCA at AUD\$3.30 / 3.31. You place a buy Limit order at AUD\$3.20 to buy a Qantas CFD. Should the price offered by GCA fall to \$3.20 your order will be filled provided there is sufficient liquidity in the Underlying 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.

##### *Cryptocurrency CFD Example*

The Bitcoin CFD is currently quoted at 20100 / 20200. You place a buy Limit order to open a position at 20000. Should the market become offered at that level your order will be filled provided there is sufficient liquidity in the Underlying Instrument.

#### 14.7 Day orders

Conditional orders (that is, Limits / Stops / OCO's) can be placed as Day orders or Good 'Til Cancelled (GTC) orders.

#### 14.8 GTC (Good 'Til Cancelled) orders

Good 'til Cancelled orders are available on all GCA's Products except for Commodity CFDs. Conditional orders (that is, Limits / Stops / OCOs) can be placed Good 'Til Cancelled. On Share and Index CFDs and Margined FX Contracts, a GTC will expire when it is either executed according to the terms of that order, or is cancelled by you.

GTC orders on Future CFDs (either Commodity CFDs or Index CFDs) may be entered on the Trading Platform but are automatically cancelled at Trading Close on the Expiry date for the relevant CFD contract.

GCA will not replace cancelled orders over the Client position if requested to re-open the position.

or illiquidity in the market which may lead to your position being closed out at a worse price.

However, you should note that a GSLO order is subject to the following additional conditions:

#### 14.9 One Cancels the Other (OCO) orders

This is the combination of both a Limit and a Stop order. It is an order that can be used to take a profit if the market moves favourably to the Open Position or to limit the loss if the market moves against the Open Position. It may also be used to open a new position. The order can be placed to open new positions in all CFDs except Share CFDs over shares quoted on ASX. The execution or cancellation of one order will automatically cancel the other order.

- **Share CFD Example**

Therefore, using the above Limit and Stop orders as examples: you are long 1,000 Qantas CFDs at AUD\$3.30, and place an OCO with a Limit order at AUD\$3.90, and a Stop-loss order at AUD\$3.00. If either the Limit or the Stop-loss order is executed, the other order is automatically cancelled.

- **Index CFD Example**

You have bought (long) 10 CFD contracts at 3,000 on the AUSTRALIA200 index. You place an OCO order; this includes a Limit order above the market to sell the 10 CFDs and lock in your profits, and a Stop order to sell the 10 CFDs below the market to stop your losses. When either the Stop or Limit order is executed the other order is cancelled.

- **Margined FX Contract Example**

You buy EUR/USD at 1.42807, a typical OCO order would be a stop loss at 1.41507 (130 pips lower) and a limit (take profit) at 1.44007 (120 pips higher). If one part of the order is filled, the other is automatically cancelled.

- **Cryptocurrency CFD Example**

You buy 1 Bitcoin CFD at 20100, a typical OCO order would be a stop loss at 20000 and a limit (take profit) at 21000. If one part of the order is filled, the other is automatically cancelled.

#### 14.10 Guaranteed Stop-loss (GSLO) orders

A Guaranteed Stop-loss order is similar to a normal Stop Order in that it can be used to close or reduce an Open Position, but with the added benefit of GCA guaranteeing your stop out price. A GSLO can be placed on most CFDs and Margined FX Contracts. Refer to the Market Information in the Trading Platform.

With a GSLO order you know the price at which you are prepared to be stopped out, and are not exposed to "gapping" in prices

- GSLOs can only be used to close an Open Position;
- GSLOs cannot be placed outside the Trading Hours for the relevant GCA Product;
- In the event that a corporate action, bonus or rights issue or other adjustment event occurs, the price or volume of your GSLO may be adjusted or cancelled at the time of the event to account for its dilutive or concentrative effect;
- If a cash distribution or dividend is declared in the Underlying Instrument of a Share CFD, your GSLO may be reduced by an amount equal to the dividend. This adjustment may take place when the Underlying Instrument is first quoted on an ex-dividend basis;
- As GCA guarantees your stop out price, GCA charges a GSLO fee (premium) when the GSLO order is triggered;
- The GSLO must be placed a minimum distance away from Our Price for the relevant CFD or Margined FX Contract as determined by GCA;
- Any movement of the GSLO is still subject to minimum distance rules;

Note that the availability of a GSLO, the GSLO fee (premium) charged and the minimum amount of points or percentage away from the current CFD price at which the GSLO order may be placed can be found in the Market Information button found next to every Market offered on the Trading Platform.

#### GSLO Order Example

You are currently long 100 BHP CFDs at the price of AUD\$40.00. You subsequently request to place a GSLO at AUD\$38.00 when the price of BHP CFD is AUD\$40.10/AUD\$40.12 and GCA accepts your request. The formula for working out the cost of GSLO is Price x Qty x % Charge. In this case, you will be charged \$9.50 if the GSLO is triggered ( $38.00 \times 100 \times 0.25\%$ ).

#### 14.11 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-loss order contingent on another Limit or Stop-loss order being executed.

- **Share CFD Example**

You place a buy Limit order at AUD\$3.00 to buy Qantas CFDs should they become offered by GCA at AUD\$3.00 with a contingent Stop-loss order at AUD\$2.50. Should your buy Limit order be executed to purchase Qantas CFDs at AUD\$3.00, your contingent Stop-loss order at AUD\$2.50 becomes an active pending order.

#### 14.12 Two way quotes

Two way quotes are available only on request from GCA and are subject to Account status and a minimum deal size.

#### 14.13 Cancelling Orders

You can only cancel or amend an order if we have not acted upon it. If you have a Limited Risk Account, a Guaranteed Stop-loss order cannot be cancelled by you at any time. It will only be cancelled if you close the corresponding Open Position. You may, however, amend a Guaranteed Stop-loss order. 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 is at risk of execution.

#### 14.14 Corporate Actions, Orders & Open Positions

If a Corporate Action takes place, for example, the payment of a dividend, a merger or a rights issue then orders or Open Positions you may have with us may be altered to reflect the economic effect in the Underlying Instrument.

- **Guaranteed Stop-loss orders**

In some circumstances we may alter the price or volume of the GSLO to reflect the impact of a Corporate Action;

- **Orders**

The price or volume of orders you have placed may be adjusted to reflect a Corporate Action in an Underlying Instrument.

- **Open Positions**

Where you hold an Open Position and the corresponding Underlying Instrument is subject to a Corporate Action then we may adjust the number of contracts open to reflect the economic effect of the corporate action.

- **Limited Risk Accounts**

We may make a reasonable and fair retrospective adjustment to the Guaranteed Stop-loss order, to reflect the impact of the relevant action or event.

#### 14.15 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 price specified in the order. However, please note that for all orders other than Guaranteed Stop-loss orders, the price you receive at execution is not guaranteed. Our Price may move from a price which is less than your specified order price to a price which is greater than your specified order price without a quote at any intermediate price. This will be due to rapid price changes in the Underlying Instrument (called 'gapping'), for example following a profits warning or the release of financial statistics different from those expected. In such a case, Our Price at the time of execution may be markedly different to the price specified in your order.

Price Tolerance will only apply to instructions to Trade for immediate execution. Where applicable, you may change the Price Tolerance via the Trading Platform before you place a Trade.

If before we have executed your Trade, Our Price moves unfavourably away from our quoted price but remains within the specified Price Tolerance, your Trade will be executed at the current Our Price. If Our Price moves unfavourably away from our quoted price and outside the specified Price Tolerance, your Trade will be rejected.

If before we have executed your Trade, Our Price moves in your favour (irrespective of the specified Price Tolerance), we will execute the Trade at the current Our 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 a Quantity greater than our maximum Quantity, there is no guarantee that they will all be executed at the same price, since each order must be executed as a separate Trade. 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 Trades.

If you have a Limited Risk Account and, for any reason, a Guaranteed Stop-loss order is not specified by you in relation to a Trade, a Guaranteed Stop-loss order will be automatically placed by us on each opening Trade at our prevailing minimum stop level away from the opening Our Price of the Open Position concerned.

GCA will not be liable for any losses or damages claimed where your orders are executed at worse price levels.

#### **14.16 Market Abuse**

When we execute a Trade on your behalf, we may buy or sell on securities exchanges or directly from or to other financial institutions the relevant Underlying Instrument or financial instruments related to that Underlying Instrument. The result is that when you place orders with us your Trades can have an impact on the external market for that Underlying Instrument in addition to the impact it might have on Our Price. This creates a possibility of market abuse. For further details on actions you are required to refrain from in order to prevent market abuse please see clause 22 of the CFD Customer Agreement or clause 19 of the FX Customer Agreement (as applicable).

## 15. Fees & Charges

This Section details the fees and charges which apply in relation to your dealing in GCA Products.

All fees are charged to your Account in the currency in which the Underlying Instrument is denominated. Fees are detailed on the daily and monthly statements, and may deducted automatically from money in your Account.

GCA may change its fee structure from time to time in which case you will receive a notice electronically.

The table below lists out the applicable fees and charges. You should read the relevant sections immediately following the table for more detailed information on each fee.

Fee	Description	Section reference
Transaction fee	Fee charged on a Share CFD transaction (calculated as a minimum fee or at a pre-determined rate)	15.1
Bid Offer Spread	The difference between the buying and selling price of a Product, as quoted by GCA.	15.2
Daily Financing Fee	If you hold a Long CFD position in a Rolling contract overnight you pay a Daily Financing Fee to GCA.	15.3, 15.6 and 15.7
Share CFD borrowing cost	If you are the Short Party to a Share CFD, GCA may pass on to you charges which we may incur when we borrow the underlying shares in order to hedge the Trade.	15.4
FX Rollovers	If you are the Short Party in a high yielding currency position overnight in a Margined FX Contract, you will be charged.	15.5
Guaranteed Stop-loss orders fee	Fee which applies to any Guaranteed Stop-loss-order (GSLO) which you place with Us and has been triggered.	15.8
Administration fee	GCA may charge you for administration services such as remittance of money to overseas bank accounts or collection of outstanding amounts.	15.9
Conversion back to base fee	Where we owe you an amount of money to be credited to your Account which is not denominated in the Base Currency, it will automatically be converted into the Base Currency. We may at our discretion apply a charge to the rate used to convert the cash postings.	15.10
Inactivity fee	Where no activity has occurred on your Account(s) for a period of twelve (12) months or more, your Account(s) will be deemed inactive. We may charge a monthly inactivity fee	15.11

## 15.1 Transaction Fees

GCA charges a transaction fee on each Trade in respect of Share CFDs as detailed in the tables below.

GCA does not charge transaction fees Trades in respect of other CFDs over other Underlying Instruments (that is, CFDs over indices, [cryptocurrencies], commodities, interest rates, options) or on Margined FX Contracts.

The actual transaction fee on Share CFDs will be either the minimum fee specified for that Share CFD or an amount based on the value of the transaction.

A table showing the minimum transaction fee and relevant rate for calculation of the transaction fee are set out below.

### How is the Transaction Fee calculated?

For Trades that do not qualify for the minimum fee the transaction fee is calculated as a percentage of the value of the Trade as follows:

$$\text{Fee} = \text{Value of Trade} \times \text{Rate}$$

**Example:** Buying 300 of the Australian Share CFD BHP at AUD45.

Value of Transaction = (300 X AUD45.00) = AUD13,500

Fee = AUD13,500 x 0.08% = AUD10.80

If the Value of the Transaction is less than AUD10,000 in this case the minimum Transaction Fee will be AUD5.

The fee charged on Share CFDs varies depending on the Underlying Instrument.

**Example:** A transaction in Vodafone (UK) CFD with a face value of GBP10,000.00 is charged GBP10.00.

Country	Rate	Minimum
U.S.A	USD 0.02 per share	USD15.00
Australia	0.08%	AUD5.00
New Zealand	0.10%	NZD10
Hong Kong	0.15%	HKD15
Singapore	0.08%	SGD10*
Japan	0.05%	JPY1,000
United Kingdom	0.10%	GBP10
Europe	0.10%	EUR10

\*For Singapore Share CFDs quoted in USD the Transaction Fee charged will be USD20 or 0.25% of the face value of the transaction, whichever is the higher.

## 15.2 Bid Offer Spread

GCA derives remuneration through charging this spread when we quote prices to you to buy or sell a Product. The difference between the buying and selling price of a Product, as quoted by GCA, is known as the bid-offer spread.

The bid-offer spread will vary depending on market conditions and the Product concerned and is subject to variation, especially in volatile market conditions. We may adjust the bid-offer spread from time to time.

The value of the bid-offer spread depends on the tick value. All Share CFDs have a point movement value that is the same as that of the Underlying Instrument in the relevant market. All tick values are specified for each instrument within the Trading Platform.

## Daily Financing Fees

The Daily Financing Fee applies to those CFDs which do not have an Expiry. If a CFD has an Expiry, that will be noted in the Market Information for the relevant CFD, as will the applicable Daily Financing Fee.

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

The Reference Interest Rate is determined by GCA for the respective currencies. GCA may change the Reference Interest Rate and Financing Spread for any currency at any time.

The table in Section 14.7 sets out GCA's default Financing Spreads.

If you hold a Long CFD position in a Rolling contract overnight you pay a Daily Financing Fee to GCA.

Under normal market conditions if you hold a Short CFD position in a Rolling contract overnight you may be paid a Daily Financing Fee by GCA. However, when the Reference Interest Rate is lower than the Financing Spread, we may require you to pay a Daily Financing Fee to us even if you hold a Short CFD position.

**Example:** In our example, holding the Long BHP CFD position the Long Financing Rate is the RBA Interbank Overnight Cash Rate (RBAIOC) +2%.

In our example, holding the Long BHP CFD position overnight for 2 days results in the following charge:

Financing Rate = RBAIOC\* + 2% = 9.50%

Daily Financing Fee = AUD12,000 x (0.095/365) x 2 = AUD6.24

### How is the Daily Financing Fee charged to your Account?

The Daily Financing Fee applicable to any Open Position in a CFD is calculated daily. It is calculated in the currency in which the Underlying Instrument is denominated and then converted to your Base Currency at the GCA prevailing rate at the time of calculation.

#### 15.4 Share CFD Borrowing Costs

If you are the Short Party to a Share CFD, GCA may pass on to you charges which we may incur when we borrow the underlying shares in order to hedge the Trade.

These charges will fluctuate depending on market conditions and the scarcity of the relevant shares. Such charges may be deducted from your Account at any time without notice. The amount of charges will be reported in your daily and monthly statements and in the Market Information as soon as practicable.

#### 15.5 FX Overnight Financing

If you are the Long Party in a high yielding currency position overnight on a Margined FX Contract, you may receive a benefit.

If you are the Short Party in a high yielding currency position overnight on a Margined FX Contract, you will be charged.

These rates are calculated on an ongoing basis by GCA and any charge or benefit will be incorporated into the price of your position on the next value date.

The adjustment varies dependent on the rollover swap points of currency pair, the size of the position, the direction of the trade and the GCA spread that is applied.

#### 15.6 Rolling CFDs

INDEX CFDs	Margin Requirement	Financing Spread	
	Percentage	Long	Short
Australia	0.5%	+2.5%	-2.5%
Japan	2.5%	+2.5%	-2.5%
Hong Kong	2.5%	+2.5%	-2.5%
Europe (ex Swiss)	1.0%	+2.5%	-2.5%
Switzerland	1.0%	+2.5%	-2.5%
United Kingdom	1.0%	+2.5%	-2.5%
United States of America	0.5%	+2.5%	-2.5%
New Zealand 30	10 ~ 10%	+2.5%	-2.5%
Australia: Top 20	5 ~ 20%	+2.5%	-2.5%
Australia: 21 – 200	10 ~ 60%		
Australia: 201+	30 ~ 100%		
Japan	10 ~ 60%	+2.5%	-2.5%
Hong Kong	10 ~ 60%	+2.5%	-2.5%
Singapore	10 ~ 80%	+2.5%	-2.5%
Europe (ex Swiss)	5 ~ 100%	+2.5%	-2.5%
Switzerland	10 ~ 100%	+2.5%	-2.5%
Sweden	5 ~ 100%	+2.5%	-2.5%
United Kingdom 100	5 ~ 20%	+2.5%	-2.5%
United Kingdom 250	10 ~ 60%		
United Kingdom 250+	20 ~ 100%		
United States of America	5 ~ 100%	+2.5%	-2.5%



## 15.7 Future CFDs

	Margin Requirement Percentage	Financing Spread	
		Long	Short
Commodity CFDs	2.5~12.5%	Not Applicable	
Interest Rate & Bond CFDs	0.35~1.5%	Not Applicable	

INDEX CFDs	Margin Requirement Percentage	Financing Spread
Australia	0.5%	Not Applicable
Japan	2.5%	Not Applicable
Hong Kong	2.5%	Not Applicable
Europe	1.0%	Not Applicable
United Kingdom	1.0%	Not Applicable
United States of America	0.5%	Not Applicable

## 15.8 Guaranteed Stop-loss Order fee

The GSLO fee applies to any triggered Guaranteed Stop-loss Order (GSLO) which you place with us. The GSLO fee is calculated as a percentage of the notional value of the GSLO and is charged when the GSLO is triggered.

The GSLO fee applicable to each GCA Product vary from time to time based upon prevailing market volatility, but the relevant fee applicable at the time you place a GSLO is detailed in the Market Information for the relevant product.

## 15.9 Administration fees

GCA may charge you for the following fees:

Facility	Fee (inc GST)
Withdrawals (AU)	
Foreign Currency Telegraphic Transfers	\$A25.00
Duplicate Statements by post	\$A25.00
Telephone Conversations Transcripts	Upon application*
Audit Certificates	\$A50.00
Debt Collection	First Call \$A38.50 Second Call \$A60.50 All reasonable legal costs incurred.

Fees for telephone recordings will be charged on the basis of GCA's 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, 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.

## 15.10 Convert Back to Base

Where we owe you an amount of money to be credited to your Account which is not denominated in the Base Currency, it will automatically be converted into the Base Currency. We may at our discretion apply a charge to the rate used to convert the cash postings.

Automatic conversion to the Base Currency will be applied on each occasion when a trading profit or loss is realised in a currency other than the Base Currency.

**For example:** The Base Currency is AUD. A Trade in EUR/USD results in USD profit or loss, the resulting profit or loss will automatically be converted back into AUD using the prevailing AUD/USD rate, and the AUD amount will be credited to your Account.

## Inactivity Fees

Where no activity has occurred on your Account(s) for a period of twelve (12) months or more, your Account(s) will be deemed inactive. We may, in our discretion, charge a monthly inactivity fee of AUD25 to inactive Account(s) (along with any additional applicable fees). Activity is defined as placing a Trade and/or applying an Order on your Account(s) or maintaining an Open Position during the period.

## 16. Taxation Considerations

### 16.1 Introduction

If you trade in Margined FX Contracts or CFDs, you may be subject to Australian taxation. This section outlines general information about significant Australian income tax and GST implication of trading derivatives.

The information contained in this section is of a general nature only and is not intended to constitute legal or taxation advice and should not be relied upon as such. The taxation implications of your transactions will depend on your own individual circumstances and GCA 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 transacting. 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 transacting, and any changes in those taxation implications during the course of your transacting.

The information provided below is for Australian resident investors only and is based on interpretation of 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 transacting in derivatives.

The information in this section is based on the assumption that you will hold derivatives on revenue account. This means that you will be carrying on a business of trading or transacting 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 derivatives for the purposes of hedging risks associated with other securities or underlying assets held by you on capital account.

The availability of tax deductions or losses incurred as a result of transacting in derivatives 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.

### 16.2 Tax Consequences of Transacting in CFDs and Margined FX Contracts

The taxation of CFDs is set out in Australian Taxation Office (ATO) Tax Ruling TR 2005/15.

The ATO has not issued any specific Tax Ruling or Determination in respect of Margined FX Contracts. However, they are similar in nature to CFDs in that they are both derivatives which provide the investor with exposure to price movements in underlying assets traded on markets, without directly investing in those underlying assets. TR2005/15 therefore may provide some guidance on the taxation treatment of Margined FX Contracts.

Under TR2005/15, if you enter into a contract exposing you to future price movements in markets 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. Tax Ruling IT2228 sets out a similar ATO view of profits or losses from trading in futures contracts. Any profit or loss arising in respect of a Margined FX Contract or CFD transactions 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 position is closed out (on expiry or sale).

Ordinarily, derivative transactions would be entered into for a profit making purpose. However, where a derivative 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 transacting in derivatives will depend upon the particular circumstances of the investor.

### 16.3 Capital Gains Tax

CFDs and Margined FX 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 even in relation to CFDs or Margined FX Contracts is included in your assessable income outside the CGT provisions (refer to Section 15.2 above) the capital gain resulting from the CGT event will be reduced. Similarly, to the extent that any loss incurred in respect of CFD or Margined FX Contracts is deductible, the deductible amount will not contribute to a capital loss for you.

### 16.4 Treatment of Transaction Fees

The transaction fees payable upon purchase or close out of CFDs and Margined FX Contracts positions will be deductible if the gain or loss on the transaction is assessable or deductible. If the gain or loss is a capital gain or loss, the transaction fees will form part of the cost base or incidental costs of disposal of the product.

### 16.5 Expenses

Certain expenses incurred by you in connection with trading in CFDs or Margined FX Contracts 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.

### 16.6 Taxation of Financial Arrangements

Rules were introduced with general application from 1 July 2010 which 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 apply to financial arrangements held by certain investors whose assets or aggregated turnover exceeds specified thresholds. The TOFA rules also apply to investors who have made an election to apply to TOFA rules to their financial arrangements. You should obtain your own advice as to whether the TOFA rules apply to you in relation to the taxation treatment of CFDs or Margined FX Contracts.

### 16.7 Goods and Services Tax

No GST should be payable in relation to your trading of CFDs or Margined FX Contracts with GCA. This is on the basis that they 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 payable on their supply. However, independent advice should be sought from your accountant or financial adviser confirming this, before acting in reliance thereon.

## 17. Dispute Resolution

At GCA we take complaints seriously. If you have any complaint in relation to the services provided to you, you should inform us immediately.

This section sets out the dispute resolution mechanisms available to you should a complaint arise.

### 17.1 Internal dispute resolution

A copy of our internal dispute resolution policy and details on how to lodge a complaint can be found on our website at [www.cityindex.com.au](http://www.cityindex.com.au).

### 17.2 Financial Ombudsman Service

GCA 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](http://www.fos.org.au)  
Telephone 1300 780 808  
Email: [info@fos.com.au](mailto:info@fos.com.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 GCA 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](http://www.fos.org.au).

### 17.3 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.

## 18. Other matters you should note

### 18.1 The Customer Agreement

This PDS describes GCA's Products and services and refers to a number of important elements of the Customer Agreement. However, it is not a comprehensive description of all terms and conditions and you must refer directly to the Customer Agreement.

The Customer Agreement sets out the terms and conditions which we offer GCA's Products and deal with you. The Customer Agreement also provides for the following:

- the terms and conditions that apply to each GCA Product;
- your rights and 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.

GCA may, at its discretion, amend or vary the Customer Agreement by providing 14 days' notice, and in specified circumstances, without prior notice. This is set out in the Customer Agreement.

### 18.2 Australian law governs Customer Agreement

The Customer Agreement, this PDS and each Trade with GCA are in all aspects governed by the law of New South Wales and you irrevocably submit to the exclusive jurisdiction of the courts of the State of New South Wales in relation to any disputes with GCA.

### 18.3 Daily statements and other communications

You should verify the content of each document received from GCA which contains information in respect of your Account and Trades which you execute in GCA's Products. Such documents will, in the absence of manifest error, be conclusive unless you notify GCA of an objection in writing within 48 hours of receiving the document.

Under the Customer Agreement the 48 hours begins from the time the document is sent by GCA to your personal email address or it is made available to you on the Trading Platform.

### 18.4 Client's obligations

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

### 18.5 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.

### 18.6 Key times, dates & events

It is your responsibility to be aware of key dates and events in relation to the GCA's Products in respect of which you execute Trades with GCA.

### 18.7 No interest in Underlying Instrument

Neither you nor we acquire through any GCA Product any interest in or right to acquire, or otherwise in relation to, the relevant Underlying Instrument. Moreover, neither party is obliged to sell, purchase, hold or deliver or receive the Underlying Instrument, or to exercise any rights attached to any Underlying Instrument.

### 18.8 Pricing errors

If errors occur in the prices of GCA's Products quoted by GCA, 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.

### 18.9 Fees and other amounts

GCA may pass on fees, the dealing spread, financing charges and other charges applicable to your Account to other third parties (including, without limitation, Introducers).

In respect of Introducers, and with your prior written consent, GCA will collect these standard fees and charges applicable to your Account from you, as consideration for the services the Introducer provides to you, as agent on behalf of the Introducer.

### 18.10 Clients may be treated differently

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

### 18.11 Other considerations

GCA does not take into account labour standards, environmental, social or ethical considerations for the purpose of dealing in GCA's Products with you.

### 18.12 Priority of Documents

In the event of any conflict between any provision of the Customer Agreement and this PDS, the provisions of the Customer Agreement shall prevail to the extent of the inconsistency.

### 18.13 Privacy

Your privacy is important to us. The information you provide GCA and any other information provided by you in connection with your Account (including **personal information** as defined in the Privacy Act 1988) will primarily be used for the processing of your account application and for complying with certain laws and regulations. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. We may disclose your personal information to other parties, including our related entities and external service providers that provide services to us.

Details of how we collect, use, disclose and manage your personal information are contained in our privacy policy which is available from our website [www.cityindex.com.au/terms-and-policies.aspx](http://www.cityindex.com.au/terms-and-policies.aspx).

## 19. Glossary

Below is a list of some words used in this PDS and their meanings. The Customer Agreement includes definitions of a number of capitalized terms and expressions used in this PDS and you should refer to those definitions when those terms and expressions are used in this PDS.

### Account

A trading account established by GCA to record your Trades and Open Positions in CGA Products with GCA and Client Money to which you may be entitled in a Client Segregated Account maintained by GCA.

### AEST

Australian Eastern Standard Time.

### American Options

An Option that can be exercised at any time up until expiry.

### Application Form

An application form to open an Account with GCA.

### AUD or A\$

Australian dollars.

### Authorised Person

You (the Client) and/or any person authorised by you to give instructions to GCA under the Customer Agreement, including a person authorised by you under a limited power of attorney or representative authorisation.

### ASX

Australian Securities Exchange Limited, or the market operated by that entity, as applicable.

### Base Currency

The currency in which the Account is denominated. The Base Currency will be Australian Dollars unless we agree otherwise.

### Binary Option

The key characteristic of an Option that has a defined payoff depending on whether a specified event occurs or not (as described in Section 10.3).

### Cash Dividend

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

### Call Option

A financial instrument in which the buyer has the right (but not the obligation) to buy an underlying financial instrument at a certain strike price.

### Call Option CFD

A CFD offered over a Call Option.

### CFD Customer Agreement

The agreement between you and GCA in respect of your Account and CFDs, as amended from time to time.

### Client

A client who has a trading account with GCA.

### Client Money

Money paid to GCA by or on behalf of a Client in connection with the GCA's Products and to which the Client Money Rules apply.

### Client Money Rules

The requirements relating to the handling of Client Money under Part 7.8, Division 2 of the Corporations Act.

### Client Segregated Account

A segregated account in GCA's name into which Client Money is paid and which is operated in accordance with the Client Money Rules.

### Corporations Act

Corporations Act 2001 (Cth).

### Corporations Regulations

Corporations Regulations 2001 (Cth).

### Contract for Difference (CFD)

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

### Customer Agreement

A CFD Customer Agreement and/or FX Customer Agreement, as applicable, between you and GCA.

### Daily Financing Fee

The charge we apply daily to an Open Position.

### Events of Default

Has the meaning defined in the Customer Agreement and includes you failing to meet your Margin Requirement.

### Exercise

The exercise of an Option at the Strike Price of the Option.

### Expiry (in the context of a CFD)

The date and time at which a CFD expires. The contract will not trade after this date. If a CFD has an "Expiry", that will be set out in the Market Information).

### Expiry (in the context of an Underlying Option)

The date and time at which an Underlying Option expires.

### Financing Rate

The GCA rate at which you pay or receive interest on Rolling CFD positions that remain open overnight.

### Financing Spread

This is the spread applied to the Reference Rate to determine the interest rate used to calculate the Daily Financing Fee associated with Rolling CFDs.

### FX

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

### FX Customer Agreement

The agreement between you and GCA in respect of Margined FX Contracts and your Account, as amended from time to time.

**Future CFD**

Any CFD entered into between GCA you for expiry at a specified date in the future.

**GCA Exchange Rate**

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

**GCA's Products**

The products that GCA offers from time to time under this PDS.

**GCA Rollover Rate**

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

**Good 'til Cancelled (GTC) Order**

An instruction that the order does not expire at the end of the Trading Hours.

**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.

**Guaranteed Stop-loss order (GSLO)**

A GSLO order is similar to a normal Stop-loss order in that it can be used to close or reduce an Open Position, but with the added benefit of GCA guaranteeing your stop out price.

**Imputation Credit**

An imputation credit is a tax credit which is attached to a dividend or distribution paid to a person. Imputation credits represent the person's allocation of tax paid that has been paid by the entity that is paying the dividend or distribution to the person. They are also known in some jurisdictions as franking credits.

**In-the-Money**

An Option has Intrinsic Value. In the case of a Call Option, the current price of the Option's underlying instrument is above the Strike Price. In the case of a Put Option the current price of the Option's underlying instrument is below the Strike Price.

**Intrinsic Value**

Where the value of the difference between the current price of the Underlying Instrument and the Strike Price is positive, the Option has intrinsic value.

**Limited Hours Trading** means the ability to trade GCA's Products only during such hours as the relevant exchange on which the Underlying Instrument is traded is open.

**Limited Risk Account** means an Account we designate as a "Limited Risk Account", as further described in the Customer Agreement.

**Limit order**

An order to buy or sell a specified quantity of a CFD or Margined FX Contract at a specified price or better.

**Long Party**

The party that has bought the relevant CFD or Margined FX Contract.

**Margin Call**

A demand by GCA for additional funds to be deposited in your Account to meet margin requirements because of adverse price movements.

**Margined FX Contract**

A contract with GCA whose value fluctuates by reference to fluctuations in the price of an underlying currency relevant to another currency (ie. a currency pair).

**Margin Level**

The ratio of Net Equity (the sum of your cash balance in your Account and Unrealised P & L) to Total Margin (expressed as a percentage). Your Margin Level is stated on the Trading Platform.

**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.

**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 CFD or a Margined FX Contract immediately at GCA's prevailing Our Price.

**Market Information**

Information located on the Trading Platform in respect of each Market, which may be accessed by clicking on the button entitled "Market Information". The Market Information sets out the commercial details for each Market, including but not limited to: margin factors, Trading Hours, the minimum and maximum quantity and our spread.

**Net Equity**

The aggregate of all cash balances (in any currency) in your Account and any unrealised profits or losses.

**Open Position**

A Trade which has not been closed, in whole or in part.

**Option CFD**

A CFD over an Underlying Option (as described in Section 10.2).

**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.



**Out-of-the-Money**

The Option has no Intrinsic Value. Where the value of the difference between the current price of the Option's underlying instrument and the Strike Price is zero or negative, the Option has no Intrinsic Value.

**Premium**

The price of an Option.

**Price Tolerance**

A feature which allows you to adjust the amount of slippage you will accept on applicable Trades, where slippage is the difference between Our Price quoted on the Trading Platform and the price the Trade is executed.

**Put Option**

A financial instrument in which the buyer has the right (but not the obligation) to sell an underlying financial instrument at a certain strike price.

**Put Option CFD**

A CFD offered over a Put Option.

**Quantity**

The amount of units traded in a Market, synonymous to "stake" or "trade size".

**Reference Interest Rate**

The interest rate for each respective currency used by GCA to calculate the Financing Rate on Rolling CFD positions held overnight.

**Rolling Contract**

Any CFD, other than a Future CFD entered into between GCA and you.

**Settlement Price**

The price of a CFD at Expiry, as determined by GCA by reference to the settlement price of the Underlying Instrument (being a futures contract).

**Share CFD**

A CFD where the Underlying Instrument is a share or other security quoted on a securities exchange.

**Short Party**

The party that has sold the relevant CFD or Margined FX Contract.

**Stop-entry order**

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

**Stop-loss order**

An order that allows you to control any potential losses on an Open Position should the Market move against you.

**Strike Price or Strike Level**

The agreed price or level of an Option's Underlying Instrument which determines if the Option is exercisable at Expiry.

**Time Value**

Means the amount by which the Premium exceeds the Intrinsic Value.

**Total Margin**

Means the amount 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 in respect of CFDs or Margined FX Contracts.

**Trading Day**

In respect of a GCA Product, a day on which we provide a quote for the GCA Product.

**Trading Close**

In relation to a GCA Product, the end of the Trading Hours on a Trading Day, or if Trading Hours are not specified or where the Product trades 24-hours, 5pm (New York time).

**Trading Platform**

The electronic trading platform made available by GCA to you in connection with the trading of Products and the provision of information in relation to your Account.

**Trading Resource**

Means your Net Equity less your Total Margin.

**Transaction Fee**

A transaction fee charged by GCA for execution services.

**Underlying Instrument**

The instrument, index, commodity, currency (including cryptocurrency) or other instrument, asset or factor to which a CFD or Margined FX Contract relates and whose price or value provides the basis for us to determine Our Price for a Market (and, in the context of an Underlying Option, the instrument, index, commodity, currency (including cryptocurrency) or other instrument, asset or factor to which the Underlying Option relates).

**Underlying Option**

A Call Option, a Put Option or a Binary Option to which an Option CFD relates.

**USD or US\$**

US dollars.

**Waived Margin**

An amount which is allocated in GCA's absolute discretion to your Account which:

- a) can only be used against your Total Margin during a specified period; and
- b) cannot, in any circumstances, be withdrawn from your Account or be used against any losses on your Account.

The allocation of Waived Margin is subject to Terms and Conditions issued by GCA from time to time.

**We, us or GCA**

Means GAIN Capital Australia Pty Ltd.

**You**

Means you, the person in whose name the Account with GCA is opened.