



Product Disclosure Statement
FOREIGN EXCHANGE & COMMODITIES
Online Platform Trading

Section 1 – Important Information

Purpose of this PDS

This Product Disclosure Statement (PDS) is dated 1st July 2010 and was prepared by Alpha Equities & Futures Ltd (Alpha Broking) as the issuer of Over-The-Counter (OTC) contracts for Foreign Exchange (FX) contracts and commodities (referred to as Transactions). It describes the key features of Transactions, their benefits, risks, the costs and fees of trading in Transactions and other related information. You should read all of this PDS.

This PDS is designed to help you decide whether the Transactions described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with others.

OTC contracts can be highly leveraged and speculative with a high degree of risk. Potential investors should be experienced in equity derivatives and understand and accept the risks of investing in OTC contracts. The information in this PDS does not take into account your personal objectives, financial situation and needs. This PDS does not advise you on whether OTC contracts are appropriate for you.

You should read all of this PDS before making a decision to deal in financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS prior to entering into any Transactions with us. Alpha Broking recommends that you consult your advisor or obtain independent advice before trading under the Online Platform Trading and Alpha Broking Facility (collectively referred to as Alpha Broking Facility).

Currency of PDS

The information in this PDS is up to date at the time it was prepared but is subject to change from time to time. You will be able to find the updated information on our website at www.alphabroking.com.au or by calling us using the contact details given in the Directory in this document. A paper copy of this information can be provided upon request.

This PDS

Alpha Broking is required to give this PDS because it is deemed to be the issuer of financial products which are derivatives. Your Transactions with Alpha Broking under the Alpha Broking Facility will be derivatives.

This is a sophisticated financial product so you should read this PDS in full before making any decision to invest in this financial product.

This PDS aims to provide you with the documents for establishing your Alpha Broking Facility with Alpha Broking and with enough information for you to decide whether to trade in these financial products with Alpha Broking.

You may also use this PDS to compare this financial product with others.

Some expressions used in this PDS have definitions given in the terms of your Alpha Broking Facility.

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FOREIGN EXCHANGE & COMMODITIES PDS

Section 2 – Key Features

Nature of the Transactions

OTC Foreign Exchange

Unlike foreign exchange contracts traded on an exchange, OTC foreign exchange contracts are not standardised but are individually tailored to the particular requirements of the parties involved in the contract.

Terms involved in the negotiation of the contract are:

- The currencies/commodities (including underlying security or index) traded;
- The amount of such currencies / commodities;
- The maturity date of the contract; and
- The rate at which such currencies / commodities are exchanged.

Contracts mature on an agreed and designated value date (which can be any business day acceptable to the two parties of the contract). Transactions are potentially deliverable contracts and can involve an obligation to give or to take delivery at maturity. Delivery terms are set out in the terms and conditions of each individual foreign exchange transaction.

Open Positions held at the end of the business day before their Value Date will be rolled over to a new Value Date on a TOM/ Next basis.

Commodities

A commodity swap is a cash-settled derivative OTC contract offered to the holder by an institution (a market maker, such as Alpha Broking), at a known commodity price and settled on an agreed date. These are traded as an over-the-counter contract (also known as “OTC” or off-market contracts).

An OTC commodity swap is a private, tailor-made, non-standardised agreement between two entities for a specific term, at a specific price and for a specific date in the future.

Swap and swap option contracts may be for a commodity priced in Australian dollars, hence removing the foreign exchange risk and conversion costs.

The swap and/or swap option prices quoted to your agent by the market maker (Alpha Broking) each day are at a bid/offer spread, i.e. the market maker will regularly state a price at which it is prepared to deal (in Australian dollars) and will provide a bid (if it is prepared to buy the commodity) and offer (if it is prepared to sell the commodity). Consequently,

you set the swap or swap option price at the equivalent quoted bid.

To close out a swap or swap option requires cash settlement. The required Transaction will be executed at Alpha Broking’s best offer that you or your agent can obtain – if Alpha Broking is prepared to deal.

When trading OTC contracts you should be aware of the risks and benefits (as set out in this PDS).

Key Benefits of Transactions

The use of OTC contracts provides important risk management tools. The major benefit of entering into an OTC contract is that you can tailor the price of the contract to your specific circumstances, for example, based on your anticipated prices of commodities. Unlike exchange traded derivatives, OTC contracts are not standardised and can be personally tailored to suit your requirements.

Another advantage of OTC contracts, compared with exchange traded derivatives, is the flexibility in the contract quantity. Exchange traded derivatives are standardised. Furthermore, the date of settlement for OTC contracts is negotiable and can be set to mature some months from initial settlement.

Some OTC contracts (such as the commodity swaps) have already factored in the various elements that make up the price of the product or commodity.

OTC foreign exchange transactions may, therefore, give currency exchange rate protection and cash flow certainty while OTC commodities transactions give protection against movements in the market prices for commodities and, if you choose, also currency exchange rate protection, thereby giving cash flow certainty.

FOREIGN EXCHANGE & COMMODITIES PDS

Section 3 – How to Trade

Establishing Your Facility

You need to establish an Alpha Broking Facility by completing the application form set out in Alpha's Account Agreement. By opening an Alpha Broking Facility, you agree to the terms of the facility set out in, or incorporated by, the Agreement.

The particular terms of a Transaction are decided by you and Alpha Broking before entering into the Transaction.

Before you make a Transaction, Alpha Broking may require you to provide Initial Margin. This is paid to Alpha Broking (and is not held on your behalf).

After you make a Transaction, confirmation of the Transaction will be given (such as being reported online or in an online account statement or record).

The fees and costs of transacting with Alpha Broking are set out in this PDS.

If there is early termination, you may be liable for any fees, as well as any losses, depending on the marked-to-market value of your Transaction at termination.

Alpha Broking offers online trading platforms for placing orders and monitoring your Trading Account. Details of operational aspects of the trading platform are available separately from Alpha Broking. It is important that you read and understand those operational rules, especially in relation to margin cover requirements and how orders are managed.

Margining Of Transactions

Margin cover is usually required in these cases:

- as "initial" margin, to start the trading (Initial Margin);
- as "variation" margin, meaning adjustments to margin cover due to falls in the value of the financial product or underlying security (Variation Margin); or
- as "maintenance" margin – to maintain the margin cover in light of adjustments to the percentage of value of the stock allowed as margin cover or other trading platform adjustments not related to the price movements of the financial products.

Margins in FX trading are required in the term's currency. For example, if a client has a position in A\$/USD, the margin will be applied in USD. In the case where a client has no USD or a negative account balance in USD but has sufficient funds in an alternate

currency (at the current market rate), it can be used to offset the margin.

In the case of Spot and Forward FX contracts and sold FX options, the Initial Margin immediately payable will typically be between 2% - 4% of the face value of the contract for major currency pairs; and 4% - 50% of the face value of the contract for exotic currency pairs in normal market conditions, but additional margins can be immediately payable in extreme market volatility.

In the case of spot metal Commodities Transactions, the Initial Margin immediately payable will typically be between 2% - 4% of the face value of the contract for major commodities; and 4% - 50% of the face value of the contract for exotic commodities in normal market conditions, but additional margins can be immediately payable in extreme market volatility.

The margin cover is usually provided by you paying cash to Alpha Broking.

In some cases your Trading Account may allow shares as collateral. Your Trading Account's collateral is effectively based on cash, any permitted shares and the market value of your positions.

Owing to the volatility of the market, an Initial Margin may change after a position has been opened, requiring a Variation Margin to be paid by you at that time. They are calculated to cover the maximum expected movement in the market at any time.

You will be required to provide Variation Margin or other required margin cover whether or not you receive a margin call. In other words, you are responsible for monitoring your positions and providing the required level of margin call. You might receive notice about margin cover requirements by email, SMS message or, when you access your Trading Account online, pop-up messages on your screen, but you need to provide the margin cover whether or not you get these messages.

In some cases the required margin cover will change automatically at times or in cases applying to your online trading platform. For example, at weekends some margin cover requirements automatically increase.

You must be in a position to fund such requirements at all times and you have to maintain the margin cover required by Alpha Broking. Initial Margin and Variation Margin must be paid immediately after a call. The general policy of Alpha Broking is that payment of the call must be received within 24 hours of

FOREIGN EXCHANGE & COMMODITIES PDS

the call although in times of extreme price volatility this may mean as little as 1 hour.

Losses can therefore exceed the amount of the Initial Margin and any Variation Margin paid.

If you do not ensure you maintain the required level of margin cover, all your positions may be closed out and the resulting realised loss deducted from any proceeds. When you are trading through an online trading platform, you must read the rules of the platform particularly carefully. In some cases all of your positions can be closed out automatically.

You will only be allowed to deal in and maintain positions on the basis of cleared funds being provided for your margin obligations or your net balance is in credit. It is your responsibility to provide the collateral for your margin cover on time. When trading through online platforms, it can take up to 48 hours (or longer, over non-banking days) for your funds to be credited to your Trading Account (depending on the rules of your Trading Account or online trading platform or other external factors outside the control of Alpha Broking). Any delay in crediting your margin payments is at your risk.

Initial Margin will be credited to the relevant Trading Account on settlement of the contract. Debit Variation Margin (unrealised losses) on closure of the contract will be debited to the relevant Trading Account balance and credit Variation Margin (unrealised profits) on closure of the contract will be credited to the relevant Trading Account. You will be required to fund any cash shortfall in the Trading Account.

Any losses resulting from Alpha Broking closing your position will be debited to your Trading Account and may require you to provide additional funds to Alpha Broking.

Daily Valuation

Following the close of business on each Business Day during the term of a Transaction, Alpha Broking will determine your Trading Account's collateral value, based on the value of the Transactions in your Trading Account as at close of business.

Mechanics of Quotations, Bids & Offers

In every foreign exchange contract there are two currencies. The currency being priced is known as the commodity currency. The exchange rate is quoted such that a fixed number of units (usually one) of the commodity currency is expressed in terms of a variable number of the other currency, the terms currency.

Foreign exchange can be quoted as either a price quotation or a volume quotation. In a

price quotation, the foreign currency (or commodity currency) is priced in terms of the local currency (or terms currency) e.g. In USA, USD\$1 = Yen 120. In a value quotation the local currency (the commodity currency) is priced in terms of the foreign currency (the terms currency). For example, in Australia, A\$1 = USD 0.8350 (01/07/10). A cross rate is an exchange rate derived from two other exchange rates (and not the local currency).

In the market, the quoting party (usually a bank or broker - the quoting party) will make a two way quote. The two parties to the quotation are the quoting bank and the market participant (which can be a bank or broker). The quoting bank is the party that makes the market while the market participant is the party that calls and asks the quoting bank to make a market.

The market participant seeking the market performs the opposite side of the transaction to the quoting bank. If the quoting bank wishes to buy dollars then the market participant sells dollars. If the market participant wishes to buy dollars then the quoting bank is selling dollars.

The first rate quoted is the bid rate and the second rate quoted is the offer rate.

The bid rate is the rate at which the quoting bank is willing to buy the commodity currency. The offer rate is the rate at which the quoting bank is willing to sell the commodity currency.

If the market participant wishes to sell dollars to the quoting bank it must sell dollars at the quoting bank's bid rate (i.e., its buying rate).

If the market participant wishes to buy dollars from the quoting bank it must buy dollars at the quoting bank's ask rate (i.e., its selling rate).

The difference between the bid rate and the ask rate is called the bid/offer spread. The quoting bank is seeking to make a profit by buying the commodity currency more cheaply then it sells it.

Spot and Forward Exchange Rate Contracts

When dealing in OTC foreign exchange markets, each contract will fall within either the spot or forward market. This will reflect the time element of a foreign exchange transaction.

The spot market is for delivery within two (2) business days. The forward market is for delivery at some specified future date.

Spot Market

Whilst this market will reflect those transactions deliverable within two business days, it will also reflect what is often determined to be a third element, being those

FOREIGN EXCHANGE & COMMODITIES PDS

transactions for immediate delivery i.e. "Today" or "tomorrow". Transactions that involve a delivery up to seven (7) days later are traditionally considered to be spot transactions, although they carry a different rate depending on the specific delivery date (except for transactions in Canadian dollars, which settle on a "value tomorrow" basis).

Forward Market

The forward value date is usually computed as a number of months from the spot value date at the time of the transaction, and must be a business day in the home country of the currencies involved in the transaction. As foreign exchange is a global business it must overcome time differences of up to 12 hours so a standard spot value date of today or "TOM" (being the following business day) would not be practical. In addition, time must be allowed to properly process all the paper work involved. Also, banks executing the transfer must be allowed sufficient time to check details defining the nature of cash flows.

Market Liquidity

Market liquidity describes the volumes which can be readily transacted in the market, and has sometimes been described as being the life blood of exchange traded markets. Market Liquidity Risk is the risk that it may not be possible to execute the full amount of a transaction without seriously impacting the market price. Billions of dollars of transactions are executed everyday in EUR/USD, USD/JPY, and GBP/ USD. On the other hand, exotic currencies (developing countries) can be very thin or illiquid. Even in the major currencies liquidity can be scarce at times. After New York inter bank trading closes and before Asian trading opens it can be difficult to obtain quotes in GBP/ EURO which is a very liquid market during European trading.

Market Liquidity is reflected in the bid-offer spread. The more participants there are in the market prepared to quote two way prices in a particular currency, the bid/offer spread will be narrow. Conversely, if there is only a couple prepared to quote, the wider the bid/offer spread will become. As such, the bid/ offer spread represents the profit that the quoting party must obtain in order to take on the risk. An imminent news release which may have significant affect on the market can affect market prices by drying up liquidity temporarily.

The Interest Rate Market and Its Mechanics

The interaction between the money market and the foreign exchange market provides the basis for the relationship between the spot rate and the forward rate and the justification of the spread between the two dates. Forward rates differ from spot rates to reflect the

differing interest rates prevailing in the two countries.

The Interest Rate Market will influence the difference between the forward rate and the spot rate. The forward rate will generally reflect the mechanism of borrowing one currency to invest in another and the impact of the futures value of these currencies based on the amount of Interest received and paid. As such, whilst the futures price will tend to reflect the expected price at a future date, the forward rate is not what the market expects the spot rate to be at a future date but the impact of currencies based on the spot rate and interest rates.

The interest rates used reflect those rates which are available to the parties involved in the transaction. For example if a resident borrows from or lends to a non-resident, the transaction may be subject to interest withholding tax rules. The interest rate used to calculate the forward exchange rates will be marked up to reflect the inclusive of withholding tax, so that after the payment of the tax, the net result would reflect the value as if the withholding tax had not been liable in the first place.

At times, monetary authorities will use a tightening of interest rates to reduce the inflationary effect on a weakening currency which may be causing price inflation, and vice versa. They can also consider the stability of their currency and will use a monetary policy to achieve targeted exchange rates.

Raising interest rates will tend to attract capital thereby supporting the exchange rate, whilst falling interest rates can lead to capital being removed from the currency and placing pressure on the exchange rate to move downwards.

Factors Affecting Foreign Exchange Rates over the Short Term and Long Term

There are many different short and long term factors that will affect the foreign exchange rates and these can be inter-related, or they can assume different significance at different times. None of the numerous theories of exchange rate determination are sufficiently comprehensive or dynamic to explain exchange rate movements on their own, let alone accurately predict the future direction and level of exchange rates. The factors that are likely to affect the movement over an extended period of time can be defined within the fundamental factors that affect the overall financial markets as a whole.

These factors are:

FOREIGN EXCHANGE & COMMODITIES PDS

- The current account balance: this is an important determinant of exchange rates. Currencies with increasing current account surpluses or decreasing current deficits tend to strengthen against currencies with decreasing current account surpluses or increasing current account deficits. It is the change in the current account deficit or surplus which is relevant.
- Current account surplus: a diminishing current account surplus will tend to cause a currency to depreciate, while a shrinking current account deficit will tend to cause the currency to appreciate. However, in practice exchange rates do not always move to reflect current account figures. While over time the relationship holds true there may be sustained periods during which exchange rates move in the opposite direction.
- Inflation Rates: these impact upon the ability to purchase goods and services. Over a period of time, the inflationary impact on prices tends to result in price increases for goods and services to offset the impact of inflation. This means that exchange rates should change so as to reflect the relative purchasing power of two currencies.
- Interest Rates: how interest rates affect the forward rates has already been described. They can also affect the flow of currencies between countries. Over a period of time it is possible for currencies with a trend towards high local interest rates to attract capital inflows, and vice versa. If all three fundamental factors point in the same direction there is a high probability that exchange rates will trend in that direction.

The relative importance of these fundamental factors can change over a period of time, depending on current policy slants and even fashion. The fundamental factors are normally very poor predictors of short term exchange rate movements. In the short term, exchange rates tend to be affected by a different set of factors. Various factors, including market flows, central bank intervention, release of economic statistics, market sentiment and even technical analysis can influence spot rates in the short term, primarily through how they affect market expectations.

Also, if a country's central bank significantly reduces interest rates then the rate would be reduced. A substantial decline in interest rates will also put pressure on the spot exchange rate for the relevant currency.

Option Contracts

Like forward foreign exchange contracts, foreign exchange options are traded on stock,

futures or commodities exchanges and on the OTC market.

Whereas exchange traded options have strictly defined characteristics such as standard amounts, standard expiry date and standard strike prices, OTC options are tailored to suit the exact terms agreed with the option buyer.

A foreign exchange or "forex" option is the right, without the obligation, to buy or sell one currency at a specified price at a specified time.

A call is the right, without the obligation, to buy a currency. A put is the right without the obligation to sell a currency.

In every foreign currency transaction, one currency is purchased and another currency is sold. There are two parties to an option - the buyer and the seller. The buyer of the option enjoys the right to exercise the option, until it lapses. The seller of the option has the obligation to deal at the contracted rate if the buyer elects to exercise the option. The seller is also known as the writer or grantor of the option.

The strike price or strike rate is the exchange rate at which the option will be exercised if the buyer elects to exercise the option.

"In-the-Money" describes an option for which the strike price is better than the market price; "Out-of-the-Money" describes an option for which the strike price is worse than the market price; and "At-the-Money" describes an option for which the strike price is the same as the market price.

The price of the option is known as the option premium. The option premium is often expressed as a fixed number of exchange points in the seller as compensation for the risk involved in writing the option. The premium is payable on the date the option is executed. The premium will be high if the option is "In-the-Money" and lower if the option is "Out-of-the-Money".

The premium economically is comprised of two components, intrinsic value and time value. The relationship between strike price and the market rate will determine whether the option is "In-the-Money" or "Out-of-the-Money".

An option which is "In-the-Money" has value (i.e. intrinsic value) and an "Out-of-the-Money" option has no intrinsic value.

The other economic component of option premium is time value. An option which has not yet expired has time value. The closer an option is to expiry the lower is its time value. Time value is maximised at the "At-the-Money" strike price where the uncertainty as to whether

FOREIGN EXCHANGE & COMMODITIES PDS

it will expire in or out of the money is greatest. Bought taken options, where they are call options, can be liquidated by selling the option back to the original counterparty. While in the case of exchange traded options the sale is executed in an open market, in the OTC market bought options ordinarily can only be sold to the original party who granted the option in the first place.

The expiration date or expiry date refers to the date on which the buyer's right to exercise the option ends. In practice a specific expiry time (e.g. 3:00 p.m. Tokyo time on the expiry date) is specified by the counterparty. In the event of exercise on or before the expiry date, settlement will take place as specified by Alpha Broking over the three (3) business days up to the expiry date's spot value date.

An American option refers to an option which can be exercised on any date between the contract date and the expiry date. A European option refers to an option which, theoretically, can only be exercised for spot value on the expiry date.

Obligations of the Holder of Margin Foreign Exchange Forward Contracts and Options on Them

The obligations of the holder of a margin foreign exchange contract are as follows:

- (a) Pay an Initial Margin on each contract of the amount called by Alpha Broking. The liability for Initial Margin is incurred upon execution of an order.
- (b) Pay any later margin requirements, including any margin calls made by Alpha Broking for Variation Margin to maintain the margin foreign exchange position held by the client.
- (c) If a loss is incurred on close out of a margin foreign exchange contract i.e. by executing an equal and opposite position to that originally opened, such closed forward prompt loss must be fully covered by Variation Margin. Subject to such loss being fully covered by Variation Margin no Initial Margin is required. Arrangements can be made to fix the amount of such forward foreign exchange loss in Australian dollars at the time of the close out otherwise the closed forward prompt loss will be converted to Australian dollars on the Settlement Date, or on the business day immediately following the Settlement Date as Alpha Broking elects. If a profit is incurred it will be converted to Australian dollars on the Settlement Date, or on the business day immediately following the Settlement Date as Alpha Broking elects, and paid out to the client.

- (d) If delivery of foreign exchange is made in settlement of a margin foreign exchange contract seven (7) days' prior written notice of delivery will be required and the entire amount of the foreign exchange to be delivered by the client must be paid (in cleared funds) to Alpha Broking at least two (2) business days prior to the Settlement Date.

The obligations of the holder of a taken option contract are as follows:

- (a) The taker of the option (i.e. the Client who buys either a Call Option or a Put Option) is obliged to pay a premium on acquisition of the Option (which, only if Alpha Broking is acting as broker not as principal, will be passed by Alpha Broking to its counterparty which is the grantor of the option, (i.e. the person who sells the Call or Put Option).
- (b) Taken options can be liquidated by selling them. In the inter-bank OTC market, bought taken options can only be sold to the bank who granted the options in the first place and such sale can only be effected at the premium offered by the grantor. So, in the cases where Alpha Broking is acting as broker, liquidation of taken options is subject to agreement of the counterparty bank or other market participant.
- (c) The expiration date and the type of option (whether American or European) will be settled along with the other terms prior to execution. Exercise of an American style option can occur at any time along with payment of the currency to be delivered by the option holder. Currency to be delivered to the option holder will be delivered on the spot value date following the expiry date.

FX Option Exercise Procedure

When your trading is via an online platform, FX Options that are "in-the-money" are automatically exercised on the day of expiry at the agreed expiry time which would depend on the agreed cut where they are converted to a Spot position.

This Spot position is subject to the usual profit/loss if the Spot price moves from the exercise price. If you already have an off-setting position at exercise, the exercised position will be netted out on the settlement date.

Closing Out Positions by Liquidation, Settlements and Delivery

An open margin foreign exchange position for a forward date may be closed out or liquidated by

FOREIGN EXCHANGE & COMMODITIES PDS

the execution of an equal and opposite position. The execution of such an equal and opposite Transaction will give rise to a closed forward prompt position, namely a bought and a sold position for an identical amount of the currency (or other general commodity) in the same currency for settlement on the same value (or prompt) date (Settlement Date).

While closed forward prompt position profits cannot be paid until the Settlement Date, closed forward prompt losses must be fully covered by Variation Margin pending settlement. Closed forward prompt positions that are in profit or, if in loss are fully covered by Variation Margin, will generally not be secured by an Initial Margin since the final profit/loss has been set and covered. When this occurs, the amount payable on the Settlement Date will be the net value of the opening and the closing Transaction in the Transaction's currency.

Settlement will occur on the Settlement Date in the currency of the Trading Account. If the Trading Account is not denominated in the currency of the Transaction, Alpha Broking will on the Settlement Date or at a time determined by Alpha Broking, as it elects, convert the settlement amount to the currency in which the Trading Account is denominated.

In order to be delivered, an open position which is to be liquidated must be the subject of a written notice of delivery received by Alpha Broking at least seven (7) days before the Settlement Date. If the Client is making delivery, the amount payable on settlement of a Transaction must be deposited and cleared in the Trading Account, unless otherwise agreed in writing, not less than three (3) business days before the Settlement Date. Delivery by Alpha Broking to the client will be effected on the business day following the Settlement Date and the proceeds will be deposited by Alpha Broking to the Trading Account.

Commodity Pricing

A commodity swap is an agreement to buy or sell a quantity of a commodity at an agreed price (to a nominated quality) at some point in time in the future.

Spot metal Transactions are similar to spot FX Transactions and you should refer to the sections above for spot FX trading. Please note that all commodity Transactions may only be settled in cash (physical settlement is not possible).

How is the Commodity Swap Rate Calculated?

We cannot predict future prices and the rate or price quotations are not a forecast of where we believe prices of commodities or other financial products will be at a future

date. We calculate rates or prices taking into consideration the current rates (such as commodity prices and the prices offered by other market participants to provide financial products which we acquire to hedge our OTC contract obligations to you.

Fees and Costs

When you use an online trading platform, Alpha Broking will ordinarily be acting as your agent for placing your orders.

When Alpha Broking is acting as agent, it may earn its remuneration by a separate commission or a commission or spread through quoting you a price for the contract different from the market counterparty's quote.

Online Trading Platforms

When using an online trading platform, you must carefully read and follow the operational rules for that platform. It may impose special trading rules regarding posting margin cover, (such as when payment is effective) or how Variation Margins are calculated such as automatic adjustments outside of trading hours, such as during the weekend) or how orders are managed.

FOREIGN EXCHANGE & COMMODITIES PDS

Section 4 – Significant Risks

Using OTC contracts such as foreign exchange or commodity swaps involves a number of significant risks. You should seek independent advice and consider carefully whether these Transactions are appropriate for you given your experience, financial objectives, needs and circumstances.

Key Risks

You should consider these significant risks involved in OTC contracts such as foreign exchange or commodity swaps:

Market Risks: OTC trading, including options, is highly speculative and volatile. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You may incur large losses in short periods of time and may be unable to limit your losses. Your losses may not be limited to the credit balance of your Trading Account or amount of margin paid by you.

The markets in general are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility. There may be three underlying markets (commodity, FX, futures), whose combined volatility may significantly increase the complexity of movements in pricing of your Transactions (including your close out contracts). If you are entering into OTC contracts (such as commodity swaps) as a hedge, the impact of market volatility will not affect your position unless you have over hedged or under hedged.

Past performance of markets, and currencies in particular, is never an assurance of future performance. The value of your account may fluctuate according to exchange rates and interest rates, as well as other market conditions which are outside of your control and which cannot be forecast.

Under market conditions from time to time, it could be difficult or impossible to Close Out a Transaction at a price that would confine the loss sustained by you within the amount of your Trading Account.

Your loss on a Transaction could be very substantial, even if you try to close out the Transaction.

Stop-loss orders may not always be filled and, in any event, may not limit your losses to the amounts specified in the order.

Transactions between you and Alpha Broking are not futures contracts and are not covered by the protections for exchange-traded

contracts arising under the Corporations Act, or any exchange rules.

Margining: You could sustain a loss, greater than and not limited to, the Initial Margin and Variation Margin that you have deposited with us to establish or maintain a Transaction. If the market moves against your position, you are responsible for monitoring and meeting the margin cover requirements. Positions are ordinarily marked to market on a continuous basis. Your obligation to meet the margin cover is not dependent on Alpha Broking giving you notice of that (i.e. a "margin call"). You may be required to deposit with us a Variation Margin in order to maintain your position. The amount of the Variation Margin may be substantial.

If you fail to provide those additional funds within the required time, your entire position may be liquidated at a loss and you will be liable for any shortfall in your Trading Account resulting from that failure.

If a position is closed out, all of it may be closed not just a proportion needed to cover the margin call.

There is no limit on the amount of margin which may be called in order to meet a revised valuation of your transaction.

Leverage: Transactions under the Alpha Broking Facility are leveraged.

This can lead to large losses which could be significantly disproportionate to your initial deposit, margin payments or other moneys credited to your Trading Account.

Under or Over Hedge: If you have not correctly hedged your exposure by giving orders to us to enter into contracts, you may decide under your own risk management policies to add or to close out some of those contracts (to match your exposure). The loss or profit arising as a result of this additional trading with Alpha Broking will be credited or debited to your Trading Account. You will need to take into account the cost of additional hedging adjustment contracts when considering your overall risk management.

Our Powers on Default, Indemnities and Limitations on Liability: If you fail to pay, or provide security for amounts payable to Alpha Broking or fail to perform any obligation under your Transactions, Alpha Broking has extensive powers under the Facility Terms with you to take steps to protect our position including, for example, the power to close out positions and to charge default interest. Under the Facility Terms you also indemnify Alpha Broking for certain losses and liabilities, including, for example, in default scenarios.

FOREIGN EXCHANGE & COMMODITIES PDS

Further, Alpha Broking's liability to you is expressly limited (to the extent permitted by law) to performing its obligations. You should read the Facility Terms carefully to understand these matters.

Credit Risk: Your Trading Account may reflect collateral given to Alpha Broking as security for performance of your obligations. Alpha Broking has a right to adjust your Trading Account towards satisfaction of any outstanding liability you have to Alpha Broking. Conversely, you are subject to our credit risk. If Alpha Broking were to become insolvent, then we may be unable to meet our obligations to you in full or at all.

When, Alpha Broking is acting as your broker, your Transaction will be at the risk of whichever bank or other Market Participant with whom Alpha Broking transacts on your behalf. In those cases your Transaction will be subject to the terms which apply in the agreements between Alpha Broking and the Market Participant (i.e., the "Market Agreements"), which Alpha Broking contracts on your behalf. Alpha Broking takes no responsibility in any way whatever, and will not have any liability of any kind, whether under contract, tort, fiduciary duty or otherwise, for the creditworthiness and performance of those counterparties.

Operational Risk: You rely on Alpha Broking performing its obligations, such as settling your Transactions in a timely and accurate manner.

In entering into any Transaction, neither Alpha Broking nor any of its representatives will advise you, or is to be taken as advising you, as to any strategy, risk profile or financial result.

Section 5 – Costs, Fees and Charges

General Risks

Alpha Broking strongly recommends that, if you are not fully familiar with Transactions, you obtain independent legal, financial and taxation advice before proceeding with a transaction.

Further, Alpha Broking recommends that you should consider the following:

- It is your responsibility to understand the nature and risks associated with each Transaction.
- In entering into any Transaction, neither Alpha Broking nor any of its representatives will advise you, or is to be taken as advising you, as to any strategy, risk profile or financial result.
- OTC contracts trading is highly speculative and volatile. There is no guarantee or

assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged.

- Past performance of markets, and currencies in particular, is never an assurance of future performance.
- The value of your Trading Account may fluctuate according to exchange rates and interest rates, as well as other market conditions which are outside of your control and which cannot be forecast.
- Information about prices or rates may come from several sources and may not be current at the time given to you. Alpha Broking does not take responsibility for information about rates or other financial market data or statements and Alpha Broking relies on your acknowledgment that you do not rely on any such information given to you or discussed with you. Alpha Broking only undertakes to perform the Transaction agreed with you at the price or rate for that Transaction, and not at any other price or rate available in the market.

Important Payment Features

Payment netting

The terms of your account with Alpha Broking establish a master facility which applies to all Transactions made under it, subject to the special terms of each Transaction. If you have more than one Transaction with Alpha Broking under the Alpha Broking Facility which settles in the same currency on the same date, payments and receipts arising from those Transactions will be netted, so that all settlements are combined and only a single payment is made as between you and Alpha Broking. This will also occur if your account is terminated and all of your Transactions are terminated early on the same date.

Your Payments to Alpha Broking

Alpha Broking agrees to act as broker in your Transaction with another party (i.e., a Market Participant), Alpha Broking may be obliged to place your funds first in Alpha Broking's trust account. You then direct Alpha Broking, by the terms of your Alpha Broking Facility, to withdraw those funds from the trust account and pay those funds to the Market Participant (as a margin deposit or for fees).

Whenever reasonably practicable, Alpha Broking will arrange to have those funds placed with that Market Participant under a segregated account. This should have the effect of protecting your funds from the Market Participant's own liabilities as principal in all of its transactions, but will not protect your funds from being used by that

FOREIGN EXCHANGE & COMMODITIES PDS

Market Participant to meet the obligations of Alpha Broking as broker for other clients. This means that if another client of Alpha Broking who is using Alpha Broking as broker defaults, the Market Participant may access all such funds in the segregated account with it (including yours), to remedy that default. Alpha Broking as broker will not be responsible to any of its clients for losses caused by the default of other clients or of the Market Participant. Alpha Broking cannot assure any client that funds received by Alpha Broking as broker will in fact be held by the Market Participant under a segregated account, nor will Alpha Broking give notice to any client whether this has occurred.

Alpha Broking derives a financial benefit by entering into other transactions with other persons at different rates from those quoted to the Client.

Transaction Fees

Transactions conducted by Alpha Broking as agent may incur a Transaction Fee on each FX and FX Option contract executed with you. Our fees vary depending on various factors such as but not limited to the type/level of service required, and the frequency and volume of transactions. Each FX and Option transaction may incur a fee typically starting between 1 and 10 basis points up to a maximum of 100 points of the Transaction's full face value amount.

The fee will be debited immediately upon execution of the trade including any roll of a Transaction, and will be deducted from your Trading Account in accordance with the Facility Terms.

A minimum fee of USD10 or currency equivalent may be levied on Transactions. This is payable on the trade date of your Transaction, including any roll of a Transaction. Also, you will be responsible for any commissions payable to Alpha Broking or charges imposed by the Market Participant. In these cases, Alpha Broking may also receive a benefit from deposit of your funds with the Market Participant, in the nature of interest. It is Alpha Broking's discretion to pay you any of that interest.

Finance Charges

Forward and Roll Over fee (interest differential)

Margin FX contracts that are "rolled over" or "swapped" will result in you paying or receiving interest at the daily rollover rate. The rollover rate is the interest rate differential between the two applicable currencies.

For example:

If you have a long A\$/USD position (i.e. you have bought the Australian Dollar against the US Dollar) and interest rates are higher in Australia than in the USA, you will be credited forward points i.e. credited the interest differential between the two currencies if you do not close the position before the settlement time. You will receive the interest rate differential whilst the position remains open for holding the higher yielding currency.

However, if you have a long A\$/USD position and the USA interest rate is higher than the Australian interest rate, you will be debited the forward points i.e. debited the interest differential between the two currencies if you do not close the position before the settlement time. You will be debited the interest rate differential whilst the position remains open for holding the lower yielding currency.

The forward points will therefore vary depending on (but not limited to):

- the currency pair you are trading;
- the applicable interest rates in the interbank markets according to the period of the rollover i.e. the interest rates offered for each currency pair (paid or earned);
- the size of the position; and
- the standard Alpha Broking fees that may apply.

The forward points can either be accumulated as an offset to your Trading Account balance and will directly be debited or credited to your Trading Account balance on settlement date or reflected in the price at which the open position is rolled forward i.e. it is included in the price (or rate at which the contract is rolled) and debited or credited to your Trading Account balance on settlement date.

Interest on Account

If Alpha Broking places any of your moneys into a trust account, Alpha Broking will be entitled to earn any interest on positive balances in your moneys in the trust account. It may entirely at its discretion pay such interest, at such rates and for so long as it chooses.

If any of your denominated currency account balances becomes a debit i.e. negative, the Trading Account interest rate charged on each debit currency balance will be at Alpha Broking's prevailing rate (accruing daily), which changes according to market conditions.

(Note: if you have multiple Trading Accounts denominated in different currencies, each

FOREIGN EXCHANGE & COMMODITIES PDS

Trading Account balance is calculated separately. You may nominate your account balances to be converted into one nominated currency, refer to "Accounts denominated in Foreign Exchange".)

The debit Interest generally will appear in your statement on a monthly basis, or only at other intervals, such as month end or end of the Transaction, depending on how you are dealing in those Transactions.

Conversion Fee

You will be charged a "conversion fee" when converting currencies to your Base Currency. This occurs each time there is a conversion from trade currency denominated in the term currency to your base currency. The conversion fee charged is up to a maximum of 150 basis points of the FX Transaction's full face value being converted.

Rates

Alpha Broking allocates Transaction Fees, Finance Charges, and Margin cover requirements for a particular Transaction, so you should always confirm with Alpha Broking the actual fees and charges before entering into a Transaction.

External Fees, Taxes and Charges

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by Alpha Broking). Bank charges and fees imposed on Alpha Broking to clear your funds or in respect of your payments will also be charged to your Trading Account.

Your account terms may allow Alpha Broking to impose other fees or charges from time to time which do not relate directly to Transactions.

For example, you may be required to pay royalty or similar charges set by data providers (e.g., the ASX) for your use of information feeds or for online transaction services.

Alpha Broking may debit these amounts to your Account.

Accounts Denominated in Foreign Exchange

Your Trading Account may be denominated in Australian dollars and or any other currencies permitted by Alpha Broking from time to time.

If you instruct Alpha Broking to effect a Transaction denominated in a currency

different from the denomination of your Trading Account's currencies, Alpha Broking will not convert the currency value of your Transaction into the selected currency which may be your local currency but will remain in the currency of the Transaction provided an account designated in the similar currency has been set up. A specific instruction from the Client is required and the calculation will generally only occur on a monthly basis at month end if your account is traded over the desk.

The foreign currency conversions can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs.

Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by Alpha Broking.

Examples

Here are some examples to illustrate the variables for a typical Transactions and how they affect the calculations. The variables of your actual Transactions will of course differ, so please check with Alpha Broking before entering into your Transaction.

FX Examples for FX Spot and Option Contracts

Example 1

You wish to speculate that the US dollar will rise against the Swiss franc and therefore decide to buy USD2,000,000.

Alpha Broking quotes you 1.2310/1.2315. You buy from Alpha Broking USD at 1.2315. If a 3 point transaction fee is charged on each FX Transaction, then an amount of CHF 600 ($0.0003 * USD 2,000,000$) will be charged, and an Initial Margin of 3% of the face value of the FX position is reserved as security against the performance of the trade. In this case it will be USD 60,000 ($2,000,000 * 3%$) converted at the current rate i.e. 1.2315 into CHF 73,890.

Day 1: Buy USD2,000,000 vs. CHF1.2315 =
Sell CHF 2,463,000.

Four days later, the dollar has actually risen to CHF1.2575 and you decide to take your profit. Upon your request, Alpha Broking quotes you 1.2575-1.2580. You sell at 1.2575.

Day 5: Sell USD2,000,000 vs. CHF1.2575 =
Buy CHF 2,515,000.

FOREIGN EXCHANGE & COMMODITIES PDS

As the dollar side of the Transaction involves a credit and a debit of USD2,000,000, your USD account will show no change.

The CHF account will show a debit of CHF2,463,000 and a credit of CHF2,515,000. This results in a profit of CHF52,000. This profit does not take into consideration the impact of the Finance Charge, roll over fee (interest component) of rolling the position each day and the FX Transaction Fee on establishing the position and on the rolls if applicable.

During this time your FX position will attract a roll over benefit (interest benefit) resulting from rolling the position. As the USD interest rates are higher than CHF you will receive an interest benefit.

In this example you will receive a 5 day interest credit of CHF600 (i.e. $0.0003 * USD2,000,000$).

Trading Profit And Loss	
TRANSACTION	BUY 2,000,000 USD/CHF @ 1.2315 SELL 2,000,000 USD/CHF @ 1.2575
GROSS PROFIT	CHF 52,000 (1.2575 - 1.2315) * USD 2,000,000
TRANSACTION FEE	CHF 1,200 (0.0006 * USD 2,000,000)
INTEREST CREDIT	CHF 600 (0.0003 * USD 2,000,000)
NET PROFIT	CHF 51,400 (52,000 - 1,200 + 600)

Example 2

You follow the cross rate between the Euro and the Japanese yen. You believe that this market is headed for a fall. You ask Alpha Broking for a quote in EUR1,000,000. Alpha Broking quotes 145.05-145.10. You sell EUR at 145.05.

If a 3 point Transaction Fee is charged on each FX Transaction, then an amount of JPY 30,000 ($0.03 * EUR1,000,000$) will be charged and an Initial Margin of 3% of the face value of the FX position is reserved as security against the performance of the trade. In this case EUR 30,000 ($1,000,000 * 3%$) converted at the current rate i.e. 145.05 into JPY 4,351,500

Day 1: Sell EUR1,000,000 vs. JPY 145.05 = Buy JPY145,050,000.

You decide to protect this position with a stop-loss order to buy back the Euro at 145.57

and the stop is executed at 145.60. Alpha Broking works all stop loss orders on a best endeavours basis and cannot guarantee execution at a specific level.

Two days later, this stop is triggered since the Euro strengthens short term in spite of your expectations.

Day 3: Buy EUR1,000,000 vs. JPY 145.60 = Sell JPY145,600,000.

The EUR side involves a credit and debit of EUR1,000,000. Therefore, the EUR account shows no change. The JPY account is credited JPY145,050,000 and debited JPY145,600,000. This results in a loss of JPY550,000. This loss does not take into consideration the impact of the Finance Charges, roll over fee (interest component) of rolling the position each day and the FX Transaction Fee on establishing the position and on the rolls if applicable.

During this time your FX position will attract a roll over charge (interest charge) resulting from the rolling of the FX position. As the EUR interest rates are above the JPY you will be charged an interest debit.

In this example you will be charged a 4 day interest debit of JPY10,000 (i.e. $0.01 * JPY1,000,000$)

Trading Profit And Loss	
TRANSACTION	SELL 1,000,000 EUR/JPY @ 145.05 BUY 1,000,000 EUR/JPY @ 145.60
GROSS LOSS	JPY 550,000 (1.4560 - 1.4505) * EUR 1,000,000
TRANSACTION FEE	JPY 60,000 (0.06 * EUR 1,000,000)
INTEREST DEBIT	JPY 10,000 (0.01 * EUR 1,000,000)
NET LOSS	JPY 620,000 (550,000 + 60,000 + 10,000)

Example 3 – Buying a Put option

With this example, you are expecting a fall in the USD versus the JPY (USD/JPY):

Buy 1,000,000 USD/JPY Put strike price 110, Expiration in several months time.

Premium 0.70 points = 700,000 JPY (USD1,000,000*0.70). Alpha Broking quotes you a spot reference price of 115.60.

FOREIGN EXCHANGE & COMMODITIES PDS

If a 3 point Transaction Fee is charged on each FX option Transaction an amount of JPY 30,000 ($0.03 * \text{USD } 1,000,000$) will be charged.

This gives you the right to sell USD and buy JPY at the price of 110.00. For this right, you are paying a premium of 700,000 JPY.

In this scenario, the market price on the day you purchase the option is 700,000 JPY. When buying the option, you are speculating that the dollar will weaken significantly against the Yen and fall well under the 110 level in the coming days.

Let's say that, as you have anticipated, the option expires in the money (in this case, below the 110 strike price, meaning that the option has intrinsic value on expiration), due to a significant decline in the USD/JPY spot rate. The spot rate on exercise date is, say, 108.50.

You exercise your right to sell at the 110 strike price to the seller of the put option resulting in a short 1,000,000 USD/JPY. You can hold the short FX position reflecting an unrealised profit or you can realise your profits and buy back the 1,000,000 USD/JPY at the 108.50 market price to close the position and take the profit.

The profit scenario is then: Strike price – closing spot price x contract size – premium i.e. $110.00 - 108.50 * \text{USD } 1,000,000 - 700,000 = \text{JPY } 800,000$ profit. This profit does not take into consideration the impact of FX Transaction Fee.

Alternatively you can sell 1,000,000 USD/JPY Put, prior to expiry, the option premium is now 1.10 points = 1,100,000 JPY ($\text{USD } 1,000,000 * 1.10$), resulting in a profit of 400,000 JPY having purchased the option for 700,000 JPY.

If the spot rate was quoted above the strike price (110.00), the option would have been out of the money and you would have lost your premium, but your risk in this transaction was limited to the premium and nothing more.

As you can see, you can make unlimited profit but the maximum loss is the premium paid in relation to bought options whereas sold options have unlimited risk.

Trading Profit And Loss	
TRANSACTION	BUY 1,000,000, 110 USD/JPY PUT
PREMIUM PAID	JPY 710,000 (1,500,000 - 30,000 - 60,000)
TRANSACTION FEES	JPY 30,000 ($0.03 * \text{USD } 1,000,000$)

Option Exercise		Close Out
EXERCISE	SHORT 1,000,000 USD/JPY @ 110.00	
TRANSACTION	BUY 1,000,000 USD/JPY @ 108.50	SELL 1,000,000 USD/JPY 110 PUT
SALES REVENUE		JPY1,100,000
PREMIUM PAID		JPY 700,000
GROSS PROFIT	JPY 1,500,000 ($110 - 108.50$) * USD 1,000,000	JPY 400,000 (1,100,000 – 700,000)
INITIAL FEES & CHARGES	JPY 730,000 (700,000 + 30,000)	JPY 30,000
TRANSACTION FEE	JPY 60,000 ($0.06 * \text{USD } 1,000,000$)	JPY 30,000 ($0.03 * \text{USD } 1,000,000$)
NET PROFIT	JPY 710,000 (1,500,000 – 730,000 – 30,000)	JPY 340,000 (400,000 – 30,000 – 30,000)

Notes to All Examples in This PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including Alpha Broking's Fees), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account a Client's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Client's Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may of course change at any time.

Queries And Disputes

Any disputes about fees or charges must be brought to our attention within five (5)

FOREIGN EXCHANGE & COMMODITIES PDS

calendar days of the fee being applied. Please see the section in this PDS on "Dispute Resolution".

Section 6 – General Information

Role of Alpha Broking

The terms of your facility with Alpha Broking allow you to trade with Alpha Broking as your broker (that is, your agent) in your Transaction with another person as counterparty, such as the quoting bank. Ordinarily, by default, when you trade through an online platform, you will be trading with Alpha Broking as your agent.

When you trade with Alpha Broking acting as your agent, your rights will be against the counterparty with whom Alpha Broking deals on your behalf (the Market Participant). Your rights will be limited by the terms of the Market Agreements entered into by Alpha Broking on your behalf.

About Alpha Broking

Alpha Broking is an Australian owned investment company. Further information about Alpha Broking is available on its website at www.alphabroking.com.au

Application

You apply for a Alpha Broking Facility by returning to Alpha Broking a completed application form which accompanies the booklet with the Facility Terms.

Individual Transactions are made by contacting your Alpha Broking advisor or using an online trading platform.

Taxation Implications

Transactions will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products.

Cooling Off

There is no cooling off arrangement for Transactions.

Ethical Considerations

Transactions made under the Alpha Broking Facility do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into

account by Alpha Broking when making, holding, varying or ending Transactions.

Dispute Resolution

We want to know about any problems you may have with our service so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please take the following steps:

1. Contact your advisor and tell him/her about your complaint.
You may do this by telephone, facsimile, email or letter.
2. If your complaint is not satisfactorily resolved within three business days of receipt of your complaint, please contact Head of Compliance on (03) 8662 4008 or put your complaint in writing and send it to us at: Level 8, 1 Collins Street, Melbourne, Victoria, 3000. We will try to resolve your complaint quickly and fairly. Complaints received in writing will be responded to within a fortnight of receipt of your written complaint.
3. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service (FOS). FOS is an external complaints and dispute resolution body. The contact details for FOS are:

Financial Ombudsman Service
G.P.O. Box 3, Melbourne VIC 3001,
Telephone 1300 780 808
www.fos.org

We are a member of FOS complaints resolution scheme. The service to you is free.
4. The Australian Securities and Investments Commission (ASIC) also has an Infoline on (Ph 1300 300 630) which you may use to make a complaint and obtain information about your rights.

Privacy

All of the information collected by Alpha Broking, in the Application Form or otherwise, is used for maintaining your account and for the purpose of assessing whether you, as a prospective Client, would be suitable for the Transactions and financial services, having regard to your financial and personal circumstances; and trading experience.

Alpha Broking has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 2000. Significantly, these include the following:

FOREIGN EXCHANGE & COMMODITIES PDS

1. Collecting personal information

In collecting personal information, Alpha Broking is required to collect only information which is necessary for the purpose described above and ensure that collection of the information is by fair and lawful means; and to take reasonable steps to make you, the individual, aware of why the information is being collected and that you may access the information held by us.

If necessary, Alpha Broking also collects information on directors of a corporate client or agents or representatives of the client.

Alpha Broking may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

Alpha Broking may take steps to verify information given to it, such as consulting registries, referees, employers or credit agencies.

This information will not be disclosed to any other person although Alpha Broking may disclose this information to its related bodies corporate if you intend to use the services of any of those related bodies corporate.

2. Using the personal information

Once Alpha Broking has collected the information from you, Alpha Broking will only use the information for the purposes described above unless you consent otherwise.

Personal information may be disclosed to:

- any person acting on your behalf, including your advisor, accountant, solicitor, executor, attorney or other representative;
- related bodies corporate of Alpha Broking if you use, or intend to use, services of those other corporations
- any organisations to whom we outsource administrative functions
- brokers or agents who refer your business to us [so that we may efficiently exchange information and administer your account)
- regulatory authorities; and
- as required or permitted by law or by court order.

This information will not be disclosed to any other person without your consent. You may access your personal information held by Alpha Broking (subject to permitted

exceptions), by contacting Alpha Broking. We may charge you for that access.

As Alpha Broking is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any of the information provided in this section changes.

3. Retaining personal information

Alpha Broking has implemented and maintains secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure. The information will be destroyed or de-personalised if Alpha Broking no longer requires the information for the purpose referred to above.

FOREIGN EXCHANGE & COMMODITIES PDS

Section 7 – Glossary

American Dollars or USD means the lawful currency of the United States of America.

Australian Dollars or A\$ means the lawful currency of the Commonwealth of Australia.

Client refers to the person who has the Online Trading Account or the Alpha Broking Account, as the case may be.

Close out, Closed out and Closing out in relation to a transaction means discharging or satisfying the obligations of the Client and Alpha Broking under the Transaction and this includes: (a) by delivering the amount of foreign exchange (or other relevant commodity) required in accordance with the terms of the Transaction; or (b) as a result of the matching up of the Transaction with a Transaction of the same kind under which the Client has assumed an offsetting opposite position.

Commission means the fee from time to time notified by Alpha Broking to the Client to be the commission payable by the Client to Alpha Broking in respect of each Transaction for which Alpha Broking acts as an agent for the Client, which will include a point spread in respect of the buy and sell prices quoted by the Market Participant.

Online Trading Platform Account means your account with Alpha Broking established under the Facility Terms, including all Trading Accounts and all Open Transactions in them.

Euro or EUR means the currency of twelve European Union countries: Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

Facility Terms means the terms of your respective Online Platform Account or your Alpha Broking Account with Alpha Broking by which you trade Transactions. Foreign exchange means currency including Australian Dollars and foreign currency.

Initial Margin means an initial deposit or a margin payment, by whatever terms they are described, and any like payments.

Japanese Yen or JPY means the lawful currency of Japan.

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

Market Agreement means an agreement entered into by Alpha Broking with a Market Participant (whether or not in writing) pursuant to which Alpha Broking enters into Transactions on behalf of the Client.

Market Participant means a person who either:

- (a) has been issued with an authority from the Reserve Bank of Australia to engage in Transactions as dealer or agent when such authority is required for those Transactions: or
- (b) holds an Australian financial services licence, authorising it to deal in Transactions (including to arrange Transactions, whether by online trading platforms or otherwise), or a duly authorised agent of such dealer.

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

Alpha Broking means Alpha Equities & Futures Limited. ACN 131 376 415
Australian Financial Services Licence (AFSL)
Number 327075

Alpha Broking Account means your account with Alpha Broking established under the Facility Terms, including all Trading Accounts and all Open Transactions in them.

Alpha Broking Facility means the facility by which the Online Platform Account or the Alpha Broking Account, as the case may be, is provided by which you trade Transactions.

Swiss Francs or CHF means the lawful currency of Switzerland.

Trading Account means your account with Alpha Broking established under the Facility Terms for a specific method of dealing, and is part of the Online Trading Platform Account or the Alpha Broking Account, as the case may be. You may have several Trading Accounts within your Online Trading Platform Account or the Alpha Broking Account, as the case may be, such as a Trading Account for online trading in FX and a separate Trading account for OTC FX trading.

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



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