



**PhillipCapital**  
**Your Partner In Finance**

## Foreign Exchange Transactions

Product Disclosure Statement

**Phillip Capital Limited AFSL 246827**

29 March 2018

## General

It is important that you obtain a copy of our Financial Services Guide (“FSG”) and read, understand and, if necessary, seek independent advice on the contents of this Product Disclosure Statement (“PDS”) and the accompanying FX Transactions Terms and Conditions being part of our Client Agreement before opening an account with us.

The complexity and risks inherent in FX Transactions means that some of these types of products are unlikely to be appropriate for the investment objectives, needs and risk profiles of many retail investors.

This PDS does not take into account your investment objectives, financial situation and particular needs. Neither PhillipCapital nor any member of PhillipCapital guarantees the performance of any FX Transaction entered into by you. Before entering into Transactions referred to in this PDS, we strongly recommend you seek independent advice to ensure this is appropriate for your particular financial objectives, needs and circumstances.

## TABLE OF CONTENTS

1	General Information
2	FX Transactions
3	Fees and Charges
4	Other Terms and Conditions
5	Privacy Policy
6	Complaints
7	Compensatin Arrangements
8	Disclaimer
9	Glossary

## 1. GENERAL INFORMATION

### 1.1 Introduction

This Product Disclosure Statement (“PDS”) is dated **29 March 2018**.

This document is issued by Phillip Capital Limited (ABN 14 002 918 247) (“PhillipCapital”).

A Product Disclosure Statement or PDS is an information document. Its purpose is to provide you with enough information so that you can decide if the product will meet your needs. A PDS is a document (or sometimes a group of documents) that contains information about a financial product, including any significant benefits and risks, the cost of the financial product and the fees and charges that the financial product issuer may receive.

The information set out in this PDS is general in nature. It has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should consider its appropriateness having regard to your objectives, financial situation and needs. By providing this PDS, PhillipCapital does not intend to provide financial advice or any financial recommendations.

The Foreign Exchange (“FX”) products included in this PDS are limited to:

- Spot FX Contracts;
- Value Today FX Contracts;
- Value Tomorrow FX Contracts; and,
- Forward FX Contracts.

The foreign currency market is an over-the-counter market, which means that there is no official or benchmark exchange rate for foreign currencies.

It is recommended that you seek independent advice concerning this PDS and whether the products in this PDS are a suitable investment for you. You should also seek independent advice concerning our Client Agreement with you before you apply to open an account with us.

Our Account opening and contract documents are available on our website ([www.phillipcapital.com.au](http://www.phillipcapital.com.au)), or by email at your request at [supporttrading@phillipcapital.com](mailto:supporttrading@phillipcapital.com). As part of our account opening

process, you will be provided with the terms and conditions of our Client Agreement with you free of charge.

The Client Agreement and those terms and conditions are incorporated by reference into this PDS (which includes the FX Transactions Terms and Conditions) and form part of the agreement under which we will provide services to you.

A notification of this PDS has been lodged with the Australian Securities and Investment Commission under a Form FS88 in accordance with the Applicable Laws. ASIC takes no responsibility for the content of this PDS.

## **1.2 Phillip Capital Limited (“PhillipCapital”)**

PhillipCapital is the holder of an Australian Financial Services License (no. 246827) and is regulated by the Australian Securities and Investment Commission (“ASIC”).

PhillipCapital is the issuer of this PDS, and the issuer of products referred to in this PDS.

## **1.3 Information Subject to Change**

The information in this PDS is up to date at the time it was prepared but is subject to change from time to time. When new information becomes available, if such new information is materially adverse to you, we will either issue a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, we will not issue a new PDS or a supplementary PDS to you. However, you will be able to find the updated information on our website at <http://www.phillipcapital.com.au>. A copy of the updated information is also available upon request free of charge by contacting PhillipCapital.

## **1.4 Contact us**

Name: Phillip Capital Limited  
Address: Level 10 330 Collins Street Melbourne VIC 3000  
Postal address: PO BOX 628 Collins Street West VIC 8007  
Telephone: (03) 8633 9800  
Email: [info@phillipcapital.com.au](mailto:info@phillipcapital.com.au)

## **1.5 Restrictions on offer**

- (a) The offer and sale of foreign exchange products under this PDS is available to Australian residents in each State and Territory of Australia. The distribution of this PDS in jurisdictions outside Australia may be restricted by law, and persons who obtain this PDS should seek advice on and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or an invitation in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify this PDS or the products offered under it (or to permit any public offering) in any jurisdiction outside of Australia. In particular no securities commission, securities exchange, central bank, government or other similar authority outside the jurisdiction of Australia has reviewed, approved or registered this PDS.
- (b) This PDS or any copy of it must not be taken into or distributed or released (and any foreign exchange products offered under this PDS must not be granted to, taken up by, offered or sold) to

any US person or to any person acting for the account or benefit of a US person (within the meaning of the U.S. Securities Act of 1933).

- (c) PhillipCapital will not make third party payments under any circumstances. Clients will need to maintain an existing foreign currency account with an approved deposit taking institution before we can transact Foreign Exchange for you.

### **1.6 No Cooling Off**

No cooling off period applies to FX Transactions.

### **1.7 Anti-Money Laundering Laws**

PhillipCapital is subject to anti-money laundering and counter-terrorism financing laws (“AML laws”) that can affect the FX Transactions. If your Account is established, PhillipCapital may disclose your personal information or stop transactions on your Account for the purposes of the AML laws or that arise under PhillipCapital’s AML procedures.

### **1.8 Your Contract with us**

Importantly, it should be noted that before an Account is opened for you in respect of you being able to trade FX Transactions, PhillipCapital must be satisfied with the applicant’s suitability to trade FX Transactions.

Upon your application to trade FX Transactions being approved and accepted by PhillipCapital the following documents make up the contract between you and PhillipCapital forming the Client Agreement:

- This PDS;
- FX Transactions Terms and Conditions (accompanying document).
- Completed Account Form with supporting documentation; and
- Financial Services Guide

### **1.9 Risks**

There are significant risks of entering into FX Transactions offered under this PDS which are provided in **Section 2.8**. The significant specific risks of entering into many of the FX Transactions are as follows:

- (a) Currency risk
- (b) Counterparty (credit) risk
- (c) Operational risk
- (d) Trading Facilities
- (e) Early Termination
- (f) Changes to settlement dates
- (g) Market risk
- (h) Exchange Rate may improve prior to settlement

Refer to **Section 2.8** for details.

## 2. FX TRANSACTIONS

### 2.1 Foreign Exchange Transactions

A foreign exchange Transaction (“FX Transaction”) involves a contract for the exchange of one currency for another at an agreed exchange rate on an agreed date. The “exchange rate” refers to the price of one currency in terms of another.

One particular objective is to achieve profits, which is to have currency appreciation for the currency bought, and currency depreciation for the currency sold. Another possible objective is to exchange one currency for another currency at a rate of exchange that is competitive as to the rate of exchange offered by other financial institutions and thus reduce the costs of exchanging a currency.

### 2.2 No Personal Financial Advice

Please note that PhillipCapital does not provide personal advice in relation to Foreign Exchange Transactions offered under this PDS. All transactions undertaken will be on a general advice or no-advice, execution only basis.

The information contained in this PDS is general in nature and has been prepared **without** taking account of your personal objectives, financial situation or needs. Before making any investment decisions connected with the information in this PDS or acting on that information, you should consider the appropriateness of it and the relevant FX products to your objectives, financial situation and needs. In particular you should obtain independent financial advice having regard to your personal circumstances and the FX products and information contained in this PDS.

### 2.3 Transaction description

When entering into a FX Transaction, you will need to nominate an amount (“Contract Amount”) and two currencies to be exchanged.

An example of the two currencies is as follows: 1 fixed currency unit = X variable units of another currency.

The fixed currency is referred to as the “base” currency and the variable currency is referred to as the “terms” currency, together they are called a “currency pair”.

The date specified for the currency exchange to take place is referred to as the “settlement date”.

### 2.4 The Exchange Rate

The Exchange Rate is the price that is quoted and that you agree to pay on an agreed date for exchanging two currencies and is determined by Phillip Capital at its discretion.

The Exchange Rate which applies will depend on the type of FX contract nominated and unless it is a Spot FX Contract will include a Forward Margin which adjusts the Spot Exchange rate up or down depending on a number of factors including the current differences in interest rates, the length of settlement and other relevant factors.

PhillipCapital provides the following types of FX contracts or FX Transactions; subject to availability:

- “Spot FX Contract” means a contract of buying or selling a currency for settlement (payment and delivery) on the spot date, which is two business days after the trade date;
- “Value Today FX Contract” means a contract where parties reach an agreement (today) on all essential conditions of the FX Transaction and where final settlement is done and monetary funds become available to the client on the same day as the FX Transaction (today);

- “Value Tomorrow FX Contract” means a contract where parties reach an agreement (today) on all essential conditions of the FX Transaction and where final settlement is done and monetary funds become available to the client one business day after the FX Transaction;
- “Forward FX Contract” means an agreement to exchange two currencies at a specific time in the future. These contracts always take place on a date after the date that the spot contract settles;

There is no official or benchmark exchange rate for foreign currencies. Other FX Transaction providers may quote different exchange rates from the Exchange Rates quoted by us. You may want to check other available exchange rates for comparable Transactions to obtain the best available exchange rate at that time. We cannot guarantee that our Exchange Rates will be the best rate available on the day, but we try to make sure our Exchange Rates are very competitive.

Settlement Date	Contract Type
2 Business Days after transaction date	Spot FX Contract
Same day as transaction date	Value Today FX Contract
1 Business Day after transaction date	Value Tomorrow FX Contract
More than 2 Business Days after transaction date	Forward FX Contract

## 2.5 Margin

The "margin" refers to the difference between the rate we obtain from our own providers on the wholesale foreign exchange market, the interbank spot rate and the rate we quote you. The margin will vary from currency to currency and from time to time. We will always be able to tell you what the margin is and you are always free to compare the exchange rate we quote you with other FX physical transaction providers to ensure that you are being offered a competitive rate.

## 2.6 FX Transaction Examples:

**Please note that examples provided are illustrative only and do not reflect actual Exchange Rates or Forward Margins.**

### SPOT FX CONTRACT:

The following are examples of Spot FX Contracts that require settlement two Business Days after the transaction date.

Example 1 <b>Spot FX Contract</b>	You wish to exchange 100,000 Australian Dollars (“AUD”) for United States Dollars (“USD”) 2 Business Days after the transaction date.
Base currency	AUD
Terms currency	USD
Exchange Rate	The Spot Exchange rate for USD/AUD quoted by PhillipCapital is AUD/USD 0.8000
Settlement	The amount of USD payable to the client at settlement date is calculated

Amount	as follows:  AUD 100,000 x AUD/USD 0.8000 = USD 80,000  Upon settlement date in two Business Days' time you are required to sell AUD100,000 and buy USD 80,000.
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<b>Example 2</b> <b>Spot FX Contract</b>	You wish to exchange 100,000 United States Dollars ("USD") for Australian Dollars ("AUD") 2 Business Days after the transaction date.
Base currency	USD
Terms currency	AUD
Exchange Rate	The Spot Exchange rate for USD/AUD quoted by PhillipCapital is AUD/USD 0.8000
Settlement Amount	The amount of AUD payable to the client at settlement is calculated as follows:  USD 100,000 / AUD/USD 0.8000 = AUD 125,000  Upon settlement in two Business Days' time you are required to sell USD100,000 and buy AUD125,000

#### VALUE TODAY FX CONTRACTS AND VALUE TOMORROW FX CONTRACTS:

The below Value Today FX contract examples are the same as the examples of the Spot FX Contract (above) but with the Spot Exchange rate adjusted by the relevant Forward Margin.

Value Tomorrow FX Contracts apply in the same way but the Forward Margin may be different.

<b>Example 3</b> <b>Value Today FX contract</b>	You wish to exchange 100,000 Australian Dollars ("AUD") for United States Dollars ("USD") on the transaction date.
Exchange Rate	The Spot Exchange rate for AUD/USD quoted by PhillipCapital is AUD/USD 0.8000 and PhillipCapital has determined a Forward Margin of 0.0001.  PhillipCapital will quote a Value Today FX contract Exchange Rate of AUD/USD 0.8001
Settlement Amount	The amount of USD payable to the client at settlement is calculated as follows:  AUD 100,000 x AUD/USD 0.8001 = USD 80,001  Upon settlement date (being the transaction date) you are required to sell AUD100,000 and buy USD 80,001.

<b>Example 4</b> <b>Value Today</b>	You wish to exchange 100,000 United States Dollars ("USD") for Australian Dollars ("AUD") on the transaction date.
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<b>FX contract</b>	
Exchange Rate	The Spot Exchange rate for AUD/USD quoted by PhillipCapital is AUD/USD 0.8000 and PhillipCapital has determined a Forward Margin of 0.0001.  PhillipCapital will quote a Value Today FX contract Exchange Rate of AUD/USD 0.8001
Settlement Amount	The amount of AUD payable by the client at settlement is calculated as follows:  USD 100,000 / AUD/USD 0.8001 = AUD 124,984.37  Upon settlement date (being the transaction date) you are required to sell AUD 124,984.37 and buy USD 100,000.

**FORWARD FX CONTRACT:**

The following are examples of Forward FX Contracts that involve fixing the value of foreign currency cash flows in the future by adjusting the Spot Exchange rate to incorporate a premium or discount that is dependent on the Forward Margin. The Forward Margin will vary depending on the length of time before the settlement date.

Example 5 <b>Forward FX Contract</b>	You wish to exchange 100,000 Australian Dollars (“AUD”) for United States Dollars (“USD”) in one month time
Exchange Rate	The Spot Exchange rate for USD/AUD quoted by PhillipCapital is AUD/USD = 0.8000. The Spot Exchange rate is modified by the appropriate Forward Margin for one month determined by PhillipCapital in this case -0.0020  The AUD/USD one month forward rate quoted by PhillipCapital = 0.7980
Settlement Amount	The amount of USD payable to the client at settlement is calculated as follows:  AUD 100,000 x AUD/USD 0.7980 = USD 79,800  Upon settlement in one month time you are required to sell AUD100,000 and buy USD 79,800

Example 6 <b>Forward FX Contract</b>	You wish to exchange 100,000 United States Dollars (“USD”) for Australian Dollars (“AUD”) in one month
Exchange Rate	Spot Exchange rate for AUD/USD = 0.8000. The Spot Exchange rate is modified by the appropriate Forward Margin for one month determined by PhillipCapital in this case -0.0020.  The AUD/USD one month forward rate quoted by PhillipCapital = 0.7980
Settlement Amount	The amount of AUD payable to the client at settlement is calculated as follows:  USD 100,000 ÷ AUD/USD 0.7980 = AUD 125,313.28  Upon settlement in one month time you are required to sell USD100,000

	and buy AUD 125,313.28.
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## 2.7 Settlement

The date specified for the currency exchange to take place is referred to as the “settlement date”. FX Transactions are normally settled by the delivery of the relevant currency by each party. This is referred to as “physical settlement”.

### 2.7.1 Pre-delivery and Extensions

After a transaction has been entered into it is possible to request either an early delivery “pre-delivery” or a delivery after the agreed settlement date “extension”. In this instance the existing forward margin is usually adjusted by a forward margin.

An extension normally involves the cancellation of the existing FX contract and entering a replacement FX contract with a new settlement date.

While variations allow you to respond to changes in your circumstances, they involve a change in conditions which may include additional costs. The revised conditions will usually reflect the market rates at the date of variation.

## 2.8 Risks

### 2.8.1 Significant Risks

This PDS does not disclose all of the risks and other significant aspects associated with FX Transactions. In light of the risks, you should undertake such Transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks.

#### (a) Currency risk

The profit or loss in transactions in foreign currencies (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency. You will suffer a loss if the underlying foreign exchange rate moves unfavourably.

#### (b) Counterparty (credit) risk and solvency

Counterparty risk is the risk that a counterparty (the other party with whom the FX contract is made) will fail to perform contractual obligations.

While we are required under our Australian Financial Services License to maintain surplus liquid funds at all times, you will always be assuming a risk in relation to PhillipCapital’s solvency. However, we do not assume any risk in relation to exchange rate movements ourselves. To reduce your exposure to us, we may enter into a hedging transaction with one of our counterparties upon you entering into a transaction with us. The risk for you therefore is essentially that one of our counterparties defaults. We may use a number of different counterparties at any time.

#### (c) Operational risk

In this context, operational risk covers, but is not limited to, issues such as technology risk (including processing risks), reputational risk, fraud, compliance failure, outsourcing risk, legal risk and risk of loss of key person of licensee.

#### (d) Trading Facilities

Most electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider or the market. Such limits may vary.

**(e) Early Termination**

In the event that an FX Transaction is terminated prior to the settlement date, you may incur additional costs.

**(f) Changes to settlement dates**

There may be costs payable by you for settlement date pre-delivery or extensions.

**(g) Market risk**

Market risk represents the risk of adverse movements in markets. This includes asset prices, market volatility, changes in yield curve, and other market variables that may affect the underlying currencies and their exchange rates.

**(h) Exchange Rate may improve prior to settlement**

By entering into a FX Transaction to set a rate for a settlement date in the future, there is the risk that the exchange rate may improve prior to settlement. Therefore, it is possible that you may miss out on any benefit resulting from a favourable movement that occurs prior to settlement date.

**(i) Credit Risk**

Credit risk is the risk that we will become insolvent and become unable to perform our contractual obligations to you (i.e. remit the agreed amount of foreign currency to your Beneficiary Account at the agreed time). When you enter into a transaction with us, you are reliant on our ability to meet our obligations to you on the terms of each transaction, so you are taking a risk in relation to our solvency.

**2.9 Benefits****2.9.1 Benefits of Spot FX Transactions**

Spot FX Contracts enable you to make and receive foreign exchange payments. These payments may be used to facilitate foreign trade and offshore transactions. Transactions are available across a wide range of currencies and can be tailored to meet your requirements.

**2.9.2 Benefits of Forward FX Transactions**

The ability to lock in an exchange rate through a Forward FX Contract enables predictable future cash flows and elimination of exchange rate uncertainty.

**2.10 Client Money**

Client Money refers to any money that is deposited with PhillipCapital, including net trading profits and the value of margins. Client Money is segregated from the money of PhillipCapital and is administered in accordance with the provisions of the Corporations Act.

PhillipCapital will not be liable for the solvency or any act or omission of any bank holding the trust accounts.

Client funds are held in a separate regulated trust account maintained by an approved deposit taking institution.

As permitted under the Corporations Act 2001 (Cth), your money may be co-mingled into one or more trust accounts with money from our other customers in our trust accounts.

In accordance with Corporations Regulation 7.8.02(7) and section 981C(c) of the Corporations Act, we may receive interest from our bank account in relation to Client monies held within our trust accounts.

Under this arrangement PhillipCapital is entitled to:

- Withdraw, deduct or apply any amounts payable by you under the Client Agreement from your client money held in any segregated account or invested by us, including, without limitation making a payment for, or in connection with, adjusting or settling of dealings in FX Transactions, the payment of finance charges, transaction fees and interest payments due to us under the Client Agreement;
- Pay, withdraw, deduct or apply any amounts from your client money; and
- Use client money in our business including the payment of amounts to our counterparties as permitted by the terms of the Client Agreement.

### **2.11 FX Contracts Available**

Please visit our website at [www.phillipcapital.com.au](http://www.phillipcapital.com.au) to download the latest list of FX Transactions available for trading with PhillipCapital. The list will be updated from time to time as notified by PhillipCapital.

## 2.12 Modes of Payment

Mode	Details
Cash ( <b>not permitted</b> )	Please note that PhillipCapital cannot accept physical cash in any circumstances
Cheque	Cheques should be in Australian dollars only and made payable to “Phillip Capital Limited <Trust A/C FX>” and crossed “Not Negotiable”. Please state your FX contract trading account number, name and contact number on the reverse of the cheque, and specify that the payment is meant for your FX contract trading account.
Electronic Transfer	Phillip Capital Limited <Trust A/C FX> BSB 083-004 A/C No 14-735-2000
Telegraphic Transfer (“TT”)	Please refer to section 2.12.1

### 2.12.1 Telegraphic transfer bank details

Currency	Australian Dollars
Bank name	National Australia Bank
Address	330 Collins Street, Melbourne VIC 3000 Australia
Beneficiary	Phillip Capital Limited <Trust A/C FX>
Account Number	BSB            083-004 A/C No.        14-735-2000
Swift Code	SWIFT Code    NATAAU3303M

## 2.13 Tax Implications

There may be significant tax implications relating to the impact of FX gains and losses or otherwise associated with any FX (or other) transaction you enter into with PhillipCapital. Each person’s taxation position and financial circumstances will be different and taxation laws, regulations and interpretations are frequently changing. For these reasons you must obtain your own independent professional taxation and accounting advice **before** entering into any FX Transactions with PhillipCapital.

## 3. FEES AND CHARGES

### 3.1 Costs, Fees

- When entering an FX Transaction, you agree to pay the Exchange Rate quoted to you. The Exchange Rate includes the PhillipCapital “*Spot Exchange rate*” for a Spot FX Contract Transaction and the “*Forward Margin*”.
- The Forward Margin allows PhillipCapital to cover its costs and make a profit.
- The Exchange Rate is not a standalone charge. The margin may vary depending on the size of the transaction, the currency pair, government actions, market volatility and the time zone of the currency traded.
- **Establishment fees**  
There are no establishment fees.
- **Other fees and charges**  
Other fees and charges may apply for other costs (which may include bank fees) associated with your FX Transaction.

Early Termination: Termination of an FX contract prior to settlement date may result in you incurring additional costs in addition to costs of any replacement FX contract entered into.

In order to cancel a transaction an offsetting transaction must be entered into. The Forward Margin of the offsetting transaction may be different to the original Forward Margin. This results from possible changes to the forward period and interest rates. Changes to the Forward Rate may result in either a benefit or cost to you. This will either be payable to you or required to be paid by you on the date of termination

Changes to the Spot Rate may result in either a benefit or cost based on the original transaction. This will either be payable to you or paid by you on the date of termination.

- **No GST**  
There is no GST on the fees and charges associated with your FX Transactions under this PDS.

### 3.2 Funds Transfer Methods

#### 3.2.1 Deposit or Top up

For clients who wish to deposit or top up their FX Transaction account, they may do so through the following 5 methods:

1. Cheque
2. Internet Banking
3. Telegraphic Transfer (*for Telegraphic Transfer, banks' remittance charges are applicable and will be borne by clients*).
4. Internal Transfer within PhillipCapital. Certain currencies are allowed for certain transfer methods. For more information on transfer methods, contact our Helpdesk at 1300 882 477 or your PhillipCapital adviser.

### **3.2.2 Funds Withdrawal**

Clients may request the withdrawal of funds by contacting their Phillip Capital adviser or alternatively by contacting the dealing desk on 1300 882 477. Client withdrawals will only be sent to bank accounts held under the same name as the trading account at PhillipCapital set up upon account opening. PhillipCapital will not process third party transfers.

PhillipCapital proposes no additional fees or charges. However, where banks' charges are applicable they will be borne by clients.

## 4. OTHER TERMS AND CONDITIONS

Please also note the accompanying FX Transactions Terms and Conditions document which forms part of this PDS.

### 4.1 Client Agreement

In order to enter into any FX Transactions contemplated under this PDS, it will be necessary for you to confirm your consent to the terms and conditions of our Client Agreement as part of the process when you apply to open an Account with us.

### 4.2 Overview of Client Agreement Terms

The following is a general overview of the Client Agreement terms and conditions. It is not intended to be comprehensive and you must read and agree to all of the Client Agreement and terms and conditions provided to you as part of the Account application process. There are representations, warranties and indemnities contained in the terms and conditions that you need to be aware of. If you do not understand any aspect of the terms and conditions, you must seek advice.

### 4.3 Scope and Application

All terms and conditions in this PDS apply to the provision by PhillipCapital of any and all trading facilities to the Client in respect of the Account(s) except that they will apply to and bind PhillipCapital only upon PhillipCapital's approval of the Client's application.

### 4.4 Trading Facility

The Client agrees that PhillipCapital may, in its absolute discretion, apply a limit to:

- (a) the size of any order or trade or series of orders or trades which the Client may enter into; and
- (b) the amount of any loss or liability to which the Client may be exposed with respect to its trading (including unrealised loss determined on a marked to market basis by PhillipCapital in good faith).

### 4.5 General conditions

The Client shall not, without the prior written consent of PhillipCapital, assign, charge or encumber any Account or the Client's rights in it, or create or permit to create, in favour of any Person (other than PhillipCapital) any interest by way of trust or otherwise in any Account. PhillipCapital shall not be required to recognise any Person other than the Client as having any interest in any Account.

PhillipCapital shall be entitled (but not obliged) to record (by any means) any communications (through any medium) between PhillipCapital and the Client or any servant or agent of the Client using any recording apparatus, without prior warning to the Client. Any such recording may be used in evidence against the Client.

### 4.6 Orders

The Client may instruct PhillipCapital to execute any Transaction for an Account by placing an Order with PhillipCapital. In effecting such Order, the Client acknowledges and expressly agrees that PhillipCapital may in its sole and absolute discretion act either as agent of or principal to the Client for its own accounts or for the accounts of Persons associated with or connected to



PhillipCapital or an entity in which PhillipCapital or any of its representatives has a direct or indirect interest.

Once an Order is received by PhillipCapital, such Order is binding on the Client. If the Client has an existing open and an unexecuted Order, and at the discretion of PhillipCapital, the Client may give an Order to withdraw, cancel, revoke or vary the Order.

Nothing in the Client Agreement obliges PhillipCapital to enter into any Transaction with or to act on any Order of the Client before it has been accepted by PhillipCapital, and PhillipCapital may refuse to enter into any Transaction or otherwise act on any Order without giving any reason. PhillipCapital shall bear no liability whatsoever for failing to comply with any Order of the Client or for exercising or failing to exercise any discretion, power or authority conferred upon PhillipCapital by this Agreement.

In the event that Phillip decides to act on any Order or is otherwise under an obligation to act on any Order, PhillipCapital shall be allowed such amount of time to act upon and implement the Order as may be reasonable, having regard to the systems and operations of PhillipCapital and the other circumstances then prevailing, and shall not be liable for any Loss relating to any delay on the part of PhillipCapital in acting on the Order.

#### **4.7 Payment OF Fees and Costs**

The Client shall promptly pay all of PhillipCapital's fees and/or other charges at such rates and in such manner as PhillipCapital may in its sole and absolute discretion impose and stipulate from time to time with respect to the execution, performance and/or settlement of any Transaction or otherwise for the maintenance of any Account(s) or the provision of any service or facility to the Client in connection with any Account(s).

The Client shall make payment to PhillipCapital's order promptly of any outstanding sum on the due date of the relevant Transaction, or upon demand by PhillipCapital as provided for in this Agreement.

All payments to PhillipCapital shall be in the Currency in which they are due (unless otherwise notified by PhillipCapital), in free and clear funds and free of deductions or withholdings. If the Client is obliged by law to make such deduction, the Client shall pay to PhillipCapital such greater amount which after deduction shall ensure that the net amount actually received by PhillipCapital will equal the amount which would have been received by PhillipCapital had no such deduction been required.

## **5. PRIVACY POLICY**

PhillipCapital has a Privacy Policy published on the Philip Capital website. Please refer to our website at [www.phillipcapital.com.au](http://www.phillipcapital.com.au).

## 6. COMPLAINTS

PhillipCapital is committed to providing our Clients superior service and as such we acknowledge the right of Clients to make suggestions on how we may improve our service or make complaints.

PhillipCapital has a dispute resolution system (DRS) for the management of complaints from retail clients. A complaint is defined as any expression of dissatisfaction made to PhillipCapital relating to our product or services or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected.

If you have any concerns about the products or services provided to you, we encourage you to discuss this with your adviser as soon as possible.

PhillipCapital will endeavour to investigate and respond with an acceptable remedy to your complaint as soon as possible depending on the complexity of the complaint. If you are dissatisfied with the handling of your complaint by your adviser or the remedy offered, please contact:

### Complaints Officer

Telephone +61 3 8633 9800

or in writing to:

PO Box 628 Collins Street West VIC 8007

or email [compliance@phillipcapital.com.au](mailto:compliance@phillipcapital.com.au)

If you do not get a satisfactory outcome or the complaint remains unresolved after 45 days, you have the right to complain to the external dispute services:

### Financial Ombudsman Service Australia (“FOS Australia”)

Service GPO Box 3  
Melbourne VIC 3001

Telephone: 1800 367 287

### Australian Securities & Investments Commission (“ASIC”)

Free call infoline 1300 300 630

### Our Contact Details: PhillipCapital

Level 10, 330 Collins Street, Melbourne VIC 3000.)

PO Box 628 Collins Street West VIC 8007

Telephone +61 3 9629 8288

E-mail [securities@phillipcapital.com.au](mailto:securities@phillipcapital.com.au)

Website [www.phillipcapital.com.au](http://www.phillipcapital.com.au)

## 7. COMPENSATION ARRANGEMENTS

PhillipCapital has a professional indemnity insurance policy in place which satisfies requirements under section 912B of the Corporations Act and ASIC requirements under Regulatory Guide 126.

It is important that you, as our client, recognise the limitations of this insurance. Professional Indemnity insurance is not designed to protect consumers directly and is not a guarantee that compensation will be paid.

This policy will cover claims in relation to the conduct of representatives/ employees who no longer work for PhillipCapital (but who did at the time of the relevant conduct).

## 8. DISCLAIMER

This document is provided to you for general information only and does not constitute a recommendation, an offer or solicitation to purchase or sell the product mentioned herein. It does not have any regard to your specific investment objectives, financial situation and any of your particular needs. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of you acting based on this information. Investments are subject to investment risks.

You should also consider the commission and finance costs involved for trading FX Transactions. The resulting deficits in your account are subject to penalty charges. You are advised to read the Foreign Exchange Transactions Terms and Conditions before undertaking transactions in FX Transactions.

**You may wish to obtain advice from a qualified financial advisor, pursuant to a separate engagement, before making a commitment to purchase any of the investment products mentioned herein. In the event that you choose not to obtain advice from a qualified financial advisor, you should assess and consider whether the investment product is suitable for you before proceeding to invest and we do not offer any advice in this regard unless mandated to so do by way of a separate engagement.**

PhillipCapital reserves the right to amend this document without prior notice. You are advised to read carefully and understand the Product Disclosure Statement from [www.phillipcapital.com.au](http://www.phillipcapital.com.au) before undertaking FX Transactions.

## 9. GLOSSARY

In this PDS, the following words and expressions shall have the meanings set out below unless the context otherwise requires:

**"Account"** means the account on which the Client effects transactions in accordance with this PDS;

**"Application Form"** means the application form(s) by which the Client applies to PhillipCapital to open an Account with PhillipCapital;

**"Applicable Laws"** means all relevant or applicable statutes, laws, rules, regulations, directives and circulars (whether of governmental bodies or authorities or self-regulatory organisations in relation to which PhillipCapital or any person within PhillipCapital is a member of, or otherwise);

**"Associate"** means a 'related body corporate' (as defined in the Corporations Act) of a party such as an Introducing Advisor; a Person who is an officer, employee, agent, representative or Associate of a related body corporate of a party; or a Person who is an officer, employee, agent, representative or Associate of a party

**"ASIC"** Australian Securities & Investments Commission or any regulatory body which replaces it or performs its functions;

**"Business Day"** means any day on which the relevant Market on which the Transaction is effected is open for trading;

**"Buy"** a transaction that is opened by "buying" is referred to as a "Buy" and may also, in our dealings with you, be referred to as "long" or "long position";

**"Client"** means the person or corporation for whom PhillipCapital is maintaining or continuing to maintain one or more Account(s) and includes the Client's assignees, successors-in-title and agents;

**"Client Agreement"** means an agreement (which may from time to time be varied or modified in accordance with its provisions) entered into by a person who has successfully opened an account with PhillipCapital. The agreement with PhillipCapital incorporates this PDS, accompanying FX Transactions Terms and Conditions, a completed Account Form with associated documentation and the Financial Services Guide provided by PhillipCapital;

**"Client Money"** means any money that is deposited with PhillipCapital, including a Client's realised and unrealised profits/losses that are held separately from PhillipCapital money, in a trust account, and held and dealt with in accordance with the Corporations Act and Client Agreement. PhillipCapital will not be liable for the solvency or any act or omission of any bank holding the trust accounts.

**"Currency"** means money denominated in the lawful currency of any jurisdiction;

**"Currency Pair"** is the two currencies being exchanged in an FX contract;

**"Electronic Broking Facilities"** means Phillip Telefutures, Phillip's On-Line Electronic Mart System for Phillip Services and such other telecommunication, computer or electronic network, broking and information facilities and software packages as may be offered by PhillipCapital to the Client and which may enable the Client to:

- (a) transmit Orders to PhillipCapital, a third party network, or straight through to an exchange trading engine;
- (b) access market information, indicators and real time prices as well as information on the Client's Account(s) and other services; and
- (c) engage in any other activities and services as PhillipCapital may include as part of the Electronic Broking Facilities;

**“Exchange Rate”** the rate quoted by PhillipCapital in relation to two currencies in respect of which you may wish to open an FX contract at which a single unit of the first currency that you state may be bought with or, as the case may be, sold in, units of the second currency that you state;

**“Foreign Exchange Transaction”** or **“FX Contract”** means a contract for the exchange of one currency for another at an agreed Exchange Rate on an agreed date.

**“Forward FX Contract”** means an agreement to exchange two currencies at a specific time in the future. These contracts always take place on a date after the date that the Spot FX Contract settles;

**“Forward Margin”** means the margin determined by PhillipCapital (at its discretion) by which the Spot Exchange rate is adjusted either up or down taking into account various factors including differences in current interest rates and the length of time before the settlement date;

**“FX”** or **“Forex”** means foreign exchange, either a rate of exchange between two currencies or a currency itself;

**“FX contract”** FX contracts are an agreement entered into to buy one currency with another (by selling) at an agreed rate;

**“FX Transactions Terms and Conditions”** means the terms and conditions accompanying and forming part of the PDS;

**“GST”** means a tax, levy, charge or impost imposed by or under A New Tax System (Goods and Services Tax) Act 1999 (Cth), as amended, and/or any other Act relating to the imposition or administration of a GST;

**“Loss”** means any and all loss, damage, costs, charges, and/or expenses of whatsoever nature and howsoever arising including legal fees on a full indemnity basis, cost of funding and loss or cost incurred as a result of, or relating to the terminating, liquidating or re-establishing of any hedge or related trading position;

**“Market”** means the market in which participants are able to buy, sell, exchange and speculate on currencies;

**“Officer”** means any officer or employee of PhillipCapital;

**“Order”** means the Client instructing PhillipCapital to execute a Transaction;

**“PhillipCapital”** means Phillip Capital Limited (ABN 14 002 918 247);

**“Product Disclosure Document”** or **“PDS”**: means this document described as the Product Disclosure Statement and including other documents incorporated by reference and issued by PhillipCapital, as revised from time to time;

**“PIN”** means the Client's personal identification number issued by PhillipCapital to the Client for the purposes of utilisation by the Client of the Electronic Broking Facilities;

**“Person”** includes any government, statutory body, business, firm, partnership, corporation or unincorporated body;

**“Sell”** means a Transaction that is opened by “selling” is referred to as a “Sell” and may also, in our dealings with you, be referred to as “short” or “short position”;

**“Spot Exchange rate”** means the Exchange Rate quoted by PhillipCapital in relation to a particular currency pair calculated on the basis of a Spot FX contract to be settled in two Business Days;

**“Spot FX Contract”** means a contract of buying or selling a currency for settlement (payment and delivery) on the spot date, which is two business days after the trade date;

**“Transaction”** includes any FX Transaction.

**“Value Today FX Contract”** means the date when parties reach an agreement (today) on all essential conditions of the FX Transaction and defines the moment when final settlement is done and monetary funds become available to the client; being the same day as the FX Transaction (today).

**“Value Tomorrow FX Contract”** means the date when parties reach an agreement (today) on all essential conditions of the FX Transaction and defines the moment when final settlement is done and monetary funds become available to the client being one business day after the FX Transaction).

**PhillipCapital**

1300 882 477

[supporttrading@phillipcapital.com.au](mailto:supporttrading@phillipcapital.com.au)

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[www.phillipcapital.com.au](http://www.phillipcapital.com.au)

**MELBOURNE**

Level 10, 330 Collins Street, Melbourne VIC 3000

Telephone 03 8633 9800

**SYDNEY**

Level 9, 56 Pitt Street, Sydney NSW 2000

Telephone 02 9233 9611

**QUEENSLAND**

Level 12 Neicon Tower, 17 Victoria Avenue, Broadbeach QLD 4218

Telephone 1300 882 477