

This document gives you important information about contracts for differences ('CFD') to help you decide whether you want to enter into CFDs. There is other useful information about this offer at <https://disclose-register.companiesoffice.govt.nz/>

Many derivatives are complex and high-risk financial products that are not suitable for most retail investors. If you do not fully understand a derivative described in this document and the risks associated with it, you should not enter into it. You can also seek advice from a financial adviser to help you make your decision. You should ask if that adviser has experience with these types of derivatives.

IG Australia Pty Ltd has prepared this document in accordance with the Financial Markets Conduct Act 2013.

## 1. KEY INFORMATION SUMMARY

### WHAT IS THIS?

This is a product disclosure statement ('PDS') for contracts for difference provided by IG Australia Pty Ltd ('IG'). CFDs are derivatives, which are contracts between you and IG that may require you or IG to pay an amount of money, depending on movements in the price of the CFD. The value of the contract will depend on the price, value or level (as the case may be) of the underlying instrument which may be a share, index, option, currency or futures contract. The contract specifies the terms on which those payments must be made.

### WARNING

#### RISKS THAT YOU MAY OWE MONEY UNDER THE DERIVATIVES

If the price or value of the underlying asset changes, you may suffer losses. In particular, unlike most other kinds of non-g geared financial products, you may suffer large losses within a short period of time. You should carefully read section 2.10 on how margin payments are calculated.

#### YOUR LIABILITY TO MAKE ADDITIONAL MARGIN PAYMENTS

IG may require you to make additional margin payments to contribute towards your future obligations under a CFD. These payments may be required at short notice and can be substantial. You should carefully read section 2.10 about your obligations.

#### RISKS ARISING FROM IG'S CREDITWORTHINESS

When you enter into CFDs with IG, you are exposed to a risk that IG cannot make payments as required. You should carefully read section 3 of the PDS (risks of these derivatives) and consider IG's creditworthiness.

IG's creditworthiness has not been assessed by an approved rating agency. This means that IG has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

### ABOUT IG

IG Australia Pty Ltd is an issuer of contracts for difference through online trading platforms. More information about IG can be found in section 6 of this PDS and on our website at [www.ig.com/au](http://www.ig.com/au)

### WHICH DERIVATIVES ARE COVERED BY THIS PDS?

This PDS is issued in connection with CFDs offered by IG. A CFD is an agreement between two parties which allows you to make a profit or loss by reference to fluctuations in the price of an underlying share or other instrument. The amount of the profit or loss will be the difference between the price when the CFD is opened and the price when it is closed, adjusted to reflect notional dividends and interest payments, where applicable.

You do not own or have any rights to the underlying instrument. Adjustments to your CFD contract may be made by reference to the underlying instrument or in other circumstances we might separately notify you of.

The Product Details are available on our website (<https://www.ig.com/au/charges>), or by email at your request, and contain technical information on the market details for our CFDs, the associated costs for the CFDs and any amounts that we may require you to pay or amounts that we will pay you in respect of your account with us.

Some of the benefits of trading in CFDs include:

- Access to invest in CFDs in global markets
- The ability to trade in rising and falling markets
- The use of leverage to gain exposure from a smaller amount of capital
- No account opening fees or minimum balance
- The ability to trade using multiple devices

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## 2. KEY FEATURES OF THE DERIVATIVES

### 2.1 WHAT IS A CFD?

A CFD is an agreement between two parties which allows you to make a profit or loss by reference to fluctuations in the price of an underlying instrument, however you do not own or have any rights to the underlying instrument.

By entering into a CFD you are either entitled to be paid an amount of money or required to pay an amount of money depending on movements in the price or value of the CFD.

The amount of any profit or loss made on the trade will be determined by:

- the change between the opening trade price and the price when you close the trade;
- the units traded;
- any adjustments in respect of the CFD, for example where a dividend is paid on an underlying share; and
- any holding costs, premiums or commissions relating to the CFD.

The balance of your account will also be affected by other amounts you must pay to us in respect of your account such as market data fees.

A CFD is not traded on an exchange. This means it is an over-the-counter (OTC) product and you are trading with IG as the counterparty to the trades you undertake and all trades must be closed with us.

### 2.2 LEVERAGE

Leverage is a key feature of CFD trading. CFDs allow you to trade on rises and falls in shares, currency and other instruments while only putting up a small amount of your own money. You are leveraging off the money you do have in the hope of making more.

With CFDs, you only have to put in a portion of the market value of the underlying instrument when making a trade. The remaining value of the instrument is covered by the CFD provider. Even though you only put up a portion of the value, you are entitled to the same gains or liable for losses as if you had paid 100%. The actual percentage of the market value that you will be asked to put in will vary for different CFD providers and for different underlying instruments.

### 2.3 TYPES OF CFDs

We offer CFDs to our clients on individual shares, indices, options, currencies, futures contracts and such other CFDs as may be notified to you from time to time. Many CFDs will be traded in Australian dollars, however, some CFDs may be denominated in a 'home' currency, such as a CFD on IBM stock in US dollars.

Please refer to our website for more information about these products.

### 2.4 HOW TO OPEN A CFD

A position is opened by 'buying' or 'selling' a CFD:

**BUYING** – If you expect an instrument (be it a share, currency, commodity, index price or other) to rise, you buy the CFD.

**SELLING** – If you expect an instrument (be it a share, currency, commodity, index price or other) to fall, you sell the CFD.

### 2.5 HOW TO CLOSE A CFD

To close a 'buy' or 'long' CFD you sell, and to close a 'short' or 'sold' CFD you buy. With most CFDs you can hold the position for as long as you like. This may be for less than a day, or for months. Some CFDs have a set expiry date, upon which the position will automatically roll over to the next contract period unless you opt out of this in respect of a specific expiry transaction or in respect of all expiry transactions on your account now or in the future.

These CFDs can be closed before the expiry date, provided you do so before the last time for dealing. Last times for dealing for all products are available in the Product Details (<https://www.ig.com/au/charges>) or upon request from our dealers. It is your responsibility to make yourself aware of the last time for dealing for any CFDs in which you deal. If a CFD with a set expiry date has not been closed prior to the last time for dealing, it will automatically roll over to the next contract period unless you opt out in which case it will be closed by us once we have ascertained the closing level of the CFD. The Closing Level will be the last traded price at or prior to the close or the applicable official closing quotation or value in the relevant underlying market as reported by the relevant exchange; minus any commission or spread which is applied to the CFD when it is closed.

### 2.6 WHAT IS YOUR CASH BALANCE?

The cash of an account is calculated as follows:

Cash = A-B

Where:

A = the sum of any successful payments made by you to us in respect of the account, plus any realised profits, plus the amount of any other money credited by us to the accounts; and

B = the sum of any realised losses which are not yet due and payable to us, plus the amount of any deductions, plus the amount of any money withdrawn by you.

Your cash does not represent the funds that are available for you to withdraw. This amount is any available equity in the form of cash on your account that is in excess of any margin requirement.

### 2.7 WHAT IS YOUR ACCOUNT EQUITY?

Your account equity will be updated by the platform in real time and is calculated as follows:

Account equity = cash balance + net unrealised profit or loss

Your account equity is used to assess whether your account is sufficiently funded to cover any margin requirement you may incur as a result of open positions on your account and needs to exceed the margin requirement at all times.

### 2.8 WHAT IS YOUR AVAILABLE TO DEAL?

The amount you have available to deal are the funds that are available to enter into margin trades on your account. Available equity is calculated as follows:

Available to deal = account equity – total margin requirement

In order to create a new position or increase an existing position the available equity in your account must be sufficient to cover the margin required as a result of that trade.

### 2.9 UNREALISED PROFIT OR LOSS

The unrealised profit or loss for any open positions is calculated in real time as follows:

**On a buy position on non-share CFDs:**

Number of contracts x contract size x (our current quote – opening level)

**On a sell position on non-share CFDs:**

Number of contracts x contract size x (opening level – our current quote)

**On a buy position on individual share CFDs:**

Number of shares x (our current quote – opening level)

**On a sell position on individual share CFDs:**

Number of shares x (opening level – our current quote)

If the trade is denominated in a currency other than your account currency, your unrealised profit or loss will be calculated in real time using the current exchange rate between the currency of the trade and your base currency.

### 2.10 WHAT IS MARGIN?

Margin or deposit requirement is the deposit we take from you to cover our exposure as counterparty to your CFD trading on margin. When you enter into a margin trade with IG that will create either a new position or increase an existing position you need to have sufficient equity to cover the margin required for any open positions.

You should note that margin is not part payment for an underlying instrument and there is no capacity for a CFD to be converted into the underlying instrument.

You can view your margin requirement when logged onto your account, the deal ticket when opening a position or you can contact dealing desk alternatively.

Your margin will either be a set value or a percentage of the value of the underlying transaction.

If the trade is denominated in a currency other than your base currency, the margin requirement will be calculated as the equivalent amount in your account currency using the current exchange rate.

## 2.10 WHAT IS MARGIN? (CONTINUED)

### 2.10.1 INITIAL MARGIN REQUIREMENTS

For share, forex, indices and some commodity CFDs the initial margin requirement is a percentage of the value of the opening CFD. Margin percentages may vary across the different markets and are normally between 3.33% and 75%. Margin requirements can be obtained when logged onto your account, the deal ticket when opening a position or obtained from our dealing desk upon request. Attaching a non-guaranteed stop to your position will not reduce your margin.

The margin requirement for a Limited Risk CFD (including buying an option CFD) is equal to the greater of:

- (i) the maximum potential loss on the position including the Limited Risk premium in the currency of the trade; or
- (ii) the margin required for the underlying equivalent.

The maximum potential loss on a bought option CFD position is the opening price (or premium) multiplied by the size of the position, in the currency of the trade. The margin requirement for selling option CFDs is variable and normally the equivalent to the margin of the underlying instrument.

### 2.10.2 TIERED MARGINS

Margins can increase as the aggregate size of your position increases. Tiered margining is used to set margin rates that reflect the size of an aggregate position (on non-limited risk open positions and orders to open) in a particular market. The majority of positions will attract our lowest margin rates, reflecting the liquidity of the market at smaller deal sizes. The largest positions may require greater margin, as it is more difficult to trade out of these positions quickly. We set margins in four tiers for every market that progressively increase as your aggregate size moves from one tier to the next. Only the portion of a position that falls into the higher tier will be subject to increased margin rates.

### 2.10.3 MARGIN USING GUARANTEED STOPS AND OTHER LIMITED RISK POSITIONS

The margin requirement for Limited Risk positions is the greater of:

- (i) the maximum potential loss on the position including the Limited Risk premium in the currency of the trade; or
- (ii) the margin required for the underlying equivalent.

Limited Risk positions include positions with guaranteed stops and buy positions on option CFDs.

### 2.10.4 FURTHER MARGIN PAYMENTS

For as long as you have open CFD positions, you are required to keep sufficient equity on your account to meet the aggregate margin requirement of all positions. If the margin is a floating amount rather than a fixed amount, we will dynamically recalculate your margin. For example where you buy a long CFD of 10,000 HIJ Limited shares priced at \$2.50 and are required to pay margin of 20%, your margin is \$5,000 (10,000 x \$2.50 x 20%). If one week after you open your HIJ Limited CFD, the price of HIJ Limited has risen to \$2.60, then your new margin requirement will be \$5,200 (10,000 x \$2.60 x 20%), ie an additional \$200.

Equally, if the price of HIJ Limited drops to \$2.40, then your new margin requirement will be \$4,800 (10,000 x \$2.40 x 20%), i.e. \$200 less. Whilst the movement in the price adjusts the margin required, the running P&L also changes your available equity to meet the margin requirement more significantly. If the price of HIJ Limited moves from \$2.50 to \$2.60, the position would be running a profit of \$1,000, whilst if the price moves to \$2.40 the position would be running a loss of \$1,000.

We reserve the right to change the margin of any market at any time during which the CFD remains open. In extreme conditions or situations (for example, ahead of a general election or a company to which a share CFD relates to goes into receivership or insolvency) margins may be higher than the values displayed in the Product Details (<https://www.ig.com/au/charges>). If we increase the required margin levels, we will take steps to notify you if you already have an open CFD, or, if you wish to open a new CFD.

### 2.10.5 MAKING MARGIN PAYMENTS

It is your responsibility to monitor your account and to ensure that your account equity exceeds your aggregate margin requirement. To assess whether you are due to pay margin, you must add up the margin requirements for all open positions on your account, including Limited Risk transactions. If your account equity is less than the margin on your account, you have entered into a margin call and you are required to fund the shortfall immediately. The amount for which you will be liable to pay will be sufficient to ensure that you have completely covered the margin requirement for all open positions on your account.

If you do not pay us any shortfall immediately, the Client Agreement gives us significant rights against you that you should be fully aware of. We have these rights as soon as you have a margin shortfall – however large or small. See section 2.10.6 for further information.

Margin payments are required in the form of cleared funds on your account.

We may agree to accept margin call payments using the Proof of Payment service whereby you can have 'yet to be cleared' funds allocated to your account in order to cover the margin. Processing of Proof of Payment is a manual process and not an instantaneous credit so if you are using this service your account will remain on margin call until the process is complete and the proof provided is accepted as

sufficient by our credit department and reflected on your account. Full details of how to use Proof of Payment and fees (if any) are available on our website. Please note that Proof of Payment is not guaranteed and the quickest way to provide margin payment is by credit card.

### 2.10.6 MARGIN CALL PRACTICES AND OUR DISCRETIONS

Client accounts are monitored by an automated close out process which highlights accounts entering into a margin call. The close out process is designed to minimise client losses and allows us to be proactive, identify accounts that have entered into a margin call and to take action before the market moves further against open trades. The close out process does not guarantee to prevent an account from running into negative equity. Trading leveraged products carries a risk of incurring losses in excess of the deposited funds.

Normally, we endeavour to notify you of a margin call by automated email as soon as your account enters into margin call. This email is a notice that your account has breached the minimum required level of equity and any open trades are at risk of being closed out. We have no obligation to notify you and will take action if deemed necessary without notification. These emailed notifications are a service that is provided to you on a best endeavours basis. We do not provide notification when an account is approaching a margin call and you are responsible for monitoring your account at all times.

While being on margin call if your account equity goes below the margin requirement the automated close out system or the dealing desk may, at their discretion, delete working orders, partially close or close some or all trades to reduce the margin requirement until it is covered by your account equity. If your account equity falls to 50% of your aggregate margin requirement, we will close one or more of your positions as soon as market conditions allow.

In any case, any open positions are deemed to be at risk of being closed out as soon as the account enters into a margin call.

When closing trades our automated close process and/or the dealing desk follow a best endeavours First In First Out (FIFO) policy for closing trades. The FIFO method is date and time based, where we aim to close out positions starting with the oldest first. Exceptions may apply dependant on market conditions and other factors including on accounts with multiple positions that are held with or without stop orders, where we endeavour to use the following order for close out:

- Position with no stops
- Positions with non-guaranteed stops
- Positions with guaranteed stops
- Positions in illiquid markets or trading sessions

## 2.11 CFDs ON INDIVIDUAL SHARES

Trading individual shares on margin using a CFD can allow you to take a position in a share without putting up the full contract value.

'Buying' a share CFD replicates the economic effect of buying a share position where you receive the benefit of all rises in the share price (and bear the cost of all falls in the share price). If a cash dividend is paid on the underlying share a positive adjustment is made to your account as a notional representation of that dividend. A negative adjustment is made to your account as a notional representation of the cost of funding an equivalent share position.

Buying or selling a share CFD is similar to normal share dealing in at least two important respects:

- you deal at the 'buy' or 'sell' price of the underlying share on the stock market; and
- you pay a commission (calculated as a percentage of the value of the transaction).

Unlike normal share dealing however, instead of paying the full value of the transaction you make a payment of margin which will be a percentage of the underlying contract value. In the case of leading Australian shares, margins start from 20% of the value of the underlying share (see section 3.1 below). Details of the margin percentage requirements for different types of CFD are set out in the Product Details (<https://www.ig.com/au/charges>).

Your profit or loss will be made on the difference between when you open the CFD and when you close it and the sum of any notional adjustments representing dividends and interest, less our commission and any costs.

## 2.12 EXAMPLE OF OPENING AND CLOSING A 'BUY' CFD ON AN INDIVIDUAL SHARE

### OPENING THE POSITION

ABC Example Limited shares are quoted at \$2.85/\$2.86 in the market, and you decide that they are going to rise. You decide to 'buy' 10,000 shares as a CFD at \$2.86, the offer price. While your ABC Example Limited position remains open, your account will be debited to reflect interest adjustments and credited to reflect any dividends.

### CLOSING THE POSITION

Some weeks later, ABC Example Limited has risen to \$3.20/\$3.21 in the market and you decide to take your profit. You sell 10,000 shares at \$3.20, the bid price. Your profit on the trade is calculated as follows:

Closing level:	\$3.20
Opening level:	\$2.86
Difference:	\$0.34
Gross profit on trade:	$\$0.34 \times 10,000 = \$3400$

### INITIAL MARGIN

The initial margin required to open your position is  $20\% \times \$2.86 \times 10,000 = \$5720$ . Applicable margin rates are detailed in the Product Details (<https://www.ig.com/au/charges>).

### INTEREST ADJUSTMENTS

Interest costs are calculated daily on your overnight positions by applying the applicable interest rate to the daily closing value of the position. The daily closing value is the number of shares multiplied by the closing price. For example, the applicable interest charge (as calculated in accordance with section 4.6) might be 8.00% and the closing price of the shares on a particular day might be \$2.90. The closing value of a 10,000 share position would be \$29,000 (ie 10,000 shares x \$2.90). So the interest cost for the position for this particular day would be \$6.44 (ie  $\$29,000 \times 8.00\%/360$ ).

### COMMISSION

For share CFDs commission is payable on the opening and closing transaction value. In the above example (and using a commission rate of 0.1%) the commission payable would be: Opening  $10,000 \times 2.86 \times 0.1\% = \$28.60$ ; Closing  $10,000 \times 3.20 \times 0.1\% = \$32.00$ . There is no GST payable (see section 9.5 below).

### CALCULATING THE OVERALL RESULT

To calculate the overall or net profit on a 'buy' CFD you also have to take account of the commission you have paid and the interest and dividend adjustments that have been credited or debited. In the above example, you might have held the position for 21 days, at a total interest cost of, say, \$162. During this time if ABC Example Limited declared a cash dividend of, for example, 6 cents per share you would receive a positive dividend adjustment of \$600 (10,000 x \$0.06) to your account.

Gross profit on trade:	\$3400
Total commission:	(\$60.60)
Interest adjustment:	(\$162)
Dividend adjustment:	\$600
Net profit on trade:	\$3777.40

## 2.13 EXAMPLE OF OPENING AND CLOSING A 'SHORT' OR 'SOLD' CFD ON AN INDIVIDUAL SHARE

### CFD ON AN INDIVIDUAL SHARE

Selling a share CFD is the opposite: you replicate a short position in the underlying share where you benefit from all falls in the underlying share price (and conversely bear the cost of all rises in the underlying share price).

A negative adjustment will be made to your account representing a notional dividend if any cash dividends are paid on the underlying share and a positive adjustment will be made to your account representing the interest that you could have earned if the proceeds of the underlying share sale were placed on deposit. These adjustments will also incur admin fees as set out in section 4 which may outweigh positive adjustments in low interest rate environments or increase negative adjustments if applicable. Short positions on shares will also be charged a borrow charge. See section 4.6 for further information.

This example shows how you can use a CFD to achieve the same economic effect as selling a share short.

### OPENING THE POSITION

You think company XYZ Limited is about to fall.

The share is quoted in the market at \$3.71/\$3.72.

You sell 10,000 shares as a CFD to open a trade at \$3.71.

Commission =  $\$37.10$  (10,000 shares x  $\$3.71 \times 0.1\%$  commission rate).

Margin requirement for this trade =  $\$7420$  (10,000 x  $\$3.71 \times 20\%$  margin rate).

For a full explanation of margin percentage requirements see section 2.10.

In this example your account is credited to reflect interest adjustments and debited to reflect any dividends.

### INTEREST ADJUSTMENTS

The interest credit on your position is calculated daily, by applying the applicable interest rate (as calculated in accordance with section 4.6) to the daily closing value of the position. In this example:

The applicable interest rate = 3.00%

The closing price of the share = \$3.70

The closing value =  $\$37,000$  (10,000 shares x  $\$3.70$ )

Interest credit for this particular day =  $\$3.08$  ( $\$37,000 \times 3.00\%/360$ )

### BORROWING CHARGE

The borrow charge is calculated daily, by applying the applicable stock borrowing rate (as calculated in accordance with section 4.5) to the daily closing value of the position. In this example:

The applicable stock borrowing rate = 1.00%

The closing price of the share = \$3.70

The closing value =  $\$37,000$  (10,000 shares x  $\$3.70$ )

Stock borrowing charge for this particular day =  $\$1.03$  ( $\$37,000 \times 1.00\%/360$ )

### DIVIDEND ADJUSTMENT

Your position is still open at the time of the XYZ Limited ex-dividend date. The amount of the declared cash dividend is 10c per share. This dividend is debited from your account.

The dividend adjustment is calculated as follows:  $10,000 \text{ shares} \times \$0.10 = \$100$ .

### CLOSING THE POSITION

XYZ Limited subsequently rises to \$3.97/\$3.98 in the market and you decide to cut your loss and close the position.

You buy 10,000 shares at \$3.98 at the offer price to close the trade.

Commission =  $\$39.80$  (10,000 shares x  $\$3.98 \times 0.1\%$  commission rate).

Your gross loss on the trade is calculated as follows:

Closing level:	\$3.98
Opening level:	\$3.71
Difference:	\$0.27
Gross loss on trade:	$\$0.27 \times 10,000 = \$2700$

### CALCULATING THE OVERALL RESULT

To calculate the overall or total loss on the CFD you also have to take account of the commission you have paid, the interest and dividend adjustments and the borrowing charge.

In this example, you might have held the position for 65 days, earning a total interest credit of, say, \$219. You have been debited a dividend adjustment of \$1000. The overall or total result of the trade is a loss, calculated as follows:

Gross loss on trade:	(\$2700)
Total commission:	(\$76.90)
Interest adjustment:	\$219
Dividend adjustment:	(\$1000)
Borrowing charge:	(\$66.95)
Overall or total loss:	(\$3624.85)

## 2.14 LIMITED RISK PROTECTION

We offer a guaranteed Limited Risk facility, which allows you to trade CFDs on a wide range of shares, indices and currencies without assuming a potentially open-ended liability. A Guaranteed Stop acts like an insurance policy and protects you against sudden move or gaps in the market.

When you trade on a Limited Risk basis you specify a Stop Order level at which your position will be closed should the market move against you. We guarantee that, when the market reaches or goes beyond the level specified by you, we will close a Limited Risk CFD at exactly the agreed stop level. However, in determining whether our quote has gone beyond the agreed level, we will be entitled (but not obliged), at our discretion, to disregard any prices quoted by us during periods in the relevant Underlying Market that in our reasonable opinion may give rise to short-term price spikes or other distortions.

There is an extra charge for this service, which is similar in effect to an insurance premium. The premium will be added to your margin required for the position however you will only be charged if the Stop Order is triggered. Further Details of the charges for Limited Risk protection are set out in the Product Details (<https://www.ig.com/au/charges>). Circumstances where the premium might vary include volatile market conditions. Limited Risk protection is not available on all CFDs and the size of the positions on which we are able to offer this facility may be limited. Details of availability and premium will be confirmed with you before you enter into a Limited Risk CFD with us.



## 2.14 LIMITED RISK PROTECTION (CONTINUED)

### DIVIDEND ADJUSTMENTS

If you hold a position with a guaranteed stop, and a dividend is applied, your guaranteed stop will be adjusted by the same amount to ensure that your risk remains the same after the adjustment has been made. This applies to both share CFDs and index CFDs.

The adjustment of your guaranteed stop will not impact your profit or loss on the position. By adjusting your guaranteed stop down by the dividend amount, in the event of your stop being triggered, your overall loss will be the same whether your stop is triggered before or after the dividend adjustment.

For example, suppose you open a short position of 1000 shares of ABC Limited at \$10, with a guaranteed stop attached at \$12. The maximum loss on the position (excluding the guaranteed stop premium) is therefore \$2000.

A week later, ABC Limited announces a dividend of \$0.50 per share. If your position is still open at the ex-dividend date, the following adjustments will be made to your position:

Your account will be debited  $\$0.50 \times 1000 \text{ shares} = \$500$

Your guaranteed stop will be moved down by \$0.50 to \$11.50.

The maximum loss on your position remains \$2000. The same concept applies if you hold a long position at the ex-dividend date.

## 2.15 EXAMPLE: BUYING A SHARE CFD WITH LIMITED RISK PROTECTION

### OPENING THE POSITION

DEF Holdings Limited is quoted at \$8.67/8.69 in the market. You buy 2000 shares as a CFD at \$8.69, the offer price, on a Limited Risk basis. You decide to put your Guaranteed Stop Order at \$8.00. Should the market move against you, your position would be closed at exactly \$8.00, even if, for example, the share opened at a substantially lower level after an overnight profit warning.

The most you can lose on the position (excluding our commission, Limited Risk premium, interest and dividend adjustments) is \$1380 (\$8.69, the opening level, minus \$8.00, the Stop Order level = \$0.69.  $\$0.69 \times 2000 \text{ shares} = \$1380$ ).

Commission = \$17.38 (2000 shares x \$8.69 x 0.1% commission rate).

The Limited Risk premium will be deducted as a cash entry only if the Guaranteed Stop Order is triggered, the margin required to open the position will include this premium. In this case the Limited Risk premium = \$52.14 (2000 shares x \$8.69 x 0.3% limited risk premium).

The margin required for a Limited Risk trade of this type is equal to the greater of the maximum potential loss on the position (including the Limited Risk premium), or the margin required for an equivalent-sized position in the underlying market. In this example suppose the margin percentage of DEF Holdings Limited is 20%. The margin required on the position would be the greater of:

- (i) the maximum loss on the trade, i.e.  $\$1380 + \$52.14 = \$1432.14$ ; or
- (ii) the margin required for the underlying equivalent, i.e.  $20\% \times 2000 \text{ shares} \times \$8.69 = \$3,476$ .

The margin required for the position is therefore \$3,476.

Interest adjustments are applied to Limited Risk positions in exactly the same way as to standard CFD positions, as described in section 4.6 below. Dividend adjustments on Limited Risk positions are calculated in the same way as standard CFD positions, however as per section 2.14 above, note that in the event of a dividend adjustment, your guaranteed stop will be adjusted accordingly.

### TRIGGERING THE GUARANTEED STOP ORDER

The following day, DEF Holdings Limited issues a trading statement that disappoints the market and the shares open sharply lower at \$7.25 before quickly trading down to a low of \$7.05.

Your Guaranteed Stop Order is triggered, and your position is closed at \$8.00, even though the share opened significantly below this level. You sell 2000 shares as a CFD at \$8.00.

Commission = \$16 (2000 shares x \$8.00 x 0.1% commission rate).  
Limited risk premium = \$52.14 (2000 shares x \$8.69 x 0.3% limited risk premium)

Your gross loss on the trade is calculated as follows:

Opening level: \$8.69  
Closing level: \$8.00  
Difference: \$0.69  
Gross loss on trade:  $\$0.69 \times 2000 = \$1380$

If a Non-guaranteed Stop Order had been used your position may have been closed somewhere between \$7.25 (the opening market price) and \$7.05 (the lowest price at which it traded), depending on the price at which we were able to execute your order. This would represent a gross loss on the trade of at least \$2880 (based on a close-out price of \$7.25, the loss would be more if the closing price was less). Instead you have limited your gross loss to \$1380 (excluding transaction costs).

### CALCULATING THE OVERALL RESULT

To calculate the overall or total loss of the CFD you also have to take account of the commission and the Limited Risk premium you have paid along with the interest and dividend adjustments.

In this example, you might have held the position for 1 day, at a total interest cost of \$3.86. There are no dividends to allow for.

Your total loss is calculated as follows:

Gross loss on trade: (\$1380)  
Total commission: (\$33.38)  
Limited Risk premium: (\$52.14)  
Interest adjustment: (\$3.86)  
Overall or total loss: (\$1469.38)

Assuming you initially deposited \$4,000, the overall loss would be taken from your cash balance leaving you with \$2,530.62.

You should view our Limited Risk facility as a form of insurance, protecting your capital against unexpected sharp price moves or even a longer term price move against your position.

You will not pay the limited risk premium if the guaranteed stop does not get triggered.

## 2.16 NON-GUARANTEED ORDERS: STOP ORDERS AND LIMIT ORDERS

We also offer various Non-guaranteed Orders such as Stop Orders (including conventional Stop Orders and Trailing Stops), and Limit Orders, each called an 'Order', that allow you to open or close a CFD when our quote for that instrument reaches or goes beyond the level of your Order.

In the case of orders to open, these Non-guaranteed Orders can apply for various periods which must be specified by you. Alternatively you can specify that the Order is to apply for an indefinite period (a 'good till cancelled' or 'GTC' Order) or until the contract expires. OTC orders that are attached to open positions will be in force until the position is closed.

If we accept one of these Orders, then when our bid (in case of Sells) or our offer (in case of Buys) reaches or exceeds the level of your Order your instruction will be triggered and subsequently executed. Please note that in the case of Stop Orders placed in respect of CFDs on Order Book Shares (and some other less liquid markets), the Order Book Share the subject of the CFD must actually trade on the Underlying Market at or beyond the specified level in order for your Order to be triggered.

It is your responsibility to understand how an Order operates before you place any such Order with us. Examples are set out below at 2.17 and further information can be found on our website or by asking our dealers. By placing an Order with us you acknowledge that you understand the terms and conditions attached to such Order.

You should note that your Order may be executed irrespective of the length of time for which your Order is reached or exceeded. In volatile markets our quote might 'gap' through your Order level, so that the closing level or the opening level may be beyond the exact level specified by you.

It is important to understand that when you place an Order, you are dealing with us as principal, you are not dealing on the Underlying Market. While we seek to execute your Order at the level that might have been achieved had a similar order been placed on the Underlying Market, it may not be possible to determine what such a level might have been. We do not guarantee your Order will be executed at any such level. We will exercise our reasonable discretion to determine when Non-guaranteed Orders are triggered and the level at which they are executed. You can cancel or amend the level of an Order with our agreement at any time before our quote or the relevant market reaches or exceeds your current specified level. We also reserve the right to aggregate and/or to work the instructions we receive from our clients to open or to close CFDs, including Stop Orders. Working the Order may mean that your Stop Order is executed in tranches at different bid prices (in the case of an Order to Sell) or offer prices (in the case of an Order to Buy), resulting in an aggregate opening or closing level for your CFDs that may differ both from your specified level and from the price that would have been attained if the Order had been executed in a single tranche. Aggregating an Order means that we may combine your Order with the Orders of other clients of ours for execution as a single Order. We may do so if we reasonably believe that this is in the overall best interests of our clients as a whole. However, on occasions, aggregation may result in you obtaining a less favourable price once your Order is executed.

If we accept a GTC Order that is not attached to a current position on a share CFD position and then a corporate event takes place, we may cancel your Order. Where we disregard or cancel an Order, IG will not re-enter the Order. It is your responsibility to ensure that all such Orders are cancelled and re-entered if needed.

## 2.16 NON-GUARANTEED ORDERS: STOP ORDERS AND LIMIT ORDERS (CONTINUED)

### PARTIAL FILLS

The partial fills feature allows you to accept a partial fill to increase your chance of a successful execution.

If you choose to use this feature, IG will only ever partially fill your order as an alternative to an outright rejection. IG will never partially fill your order as an alternative to filling it in its entirety. So if you trade in a size so large that we cannot fill your entire order rather than reject your entire order IG will be able to fill you in the maximum size possible.

If you have selected the partial fill feature, the next time you trade through the same device it will be retained as your default option.

### POINTS THROUGH CURRENT

The points through current feature allows you to trade through the current IG price. This feature reduces your chance of a price rejection in volatile market conditions, and increases your likelihood of successful execution when you are trading in large sizes. While IG will still endeavour to fill your order at the best possible price, the chance of a successful execution is increased when using points through current.

Orders are available free of charge on most CFDs.

## 2.17 EXAMPLES OF NON-GUARANTEED ORDERS

### EXAMPLE 1: SELLING A SHARE CFD WITH A NON-GUARANTEED STOP ORDER ATTACHED

#### OPENING THE POSITION

XYZ International Limited is quoted at \$5.45/5.46 in the market.

You sell 5000 shares as a CFD at \$5.45, the bid price. You decide to put your Non-guaranteed Stop Order at \$5.70.

There is no cost or fee charged for placing a Non-guaranteed Stop Order. However, there is a risk of slippage associated with a Non-guaranteed Stop order. This means that there is a chance that your position may not be closed at your requested stop level. For example, should the market gap straight through your Non-guaranteed Stop Order, your position would be closed at the next available level that we consider representative, fair and reasonable.

In this example, we will assume that XYZ International Limited shares gap straight through the Stop Order level of \$5.70 and the position is closed at \$5.75, resulting in a loss of \$1500 (excluding our commission, interest and dividend adjustments).

This loss is calculated as:

Opening level:	\$5.45
Closing level:	\$5.75 (the Stop Order level + market slippage of \$0.05)
Difference:	\$0.30
Gross loss on the trade:	$\$0.30 \times 5000 \text{ shares} = \$1500$

### EXAMPLE 2: BUYING A SHARE CFD WITH A TRAILING STOP

Trailing Stops are a type of Stop Order that track your profitable positions automatically – and close your trade should the market move against you.

Trailing Stops prevent you having to monitor and move your stops constantly.

When you open your position you specify two numbers for your Trailing Stop:

**Stop distance** how far away from the opening level your Stop is placed

**Stop size** the size of the increments by which the Stop can move

For example, say EFG Limited is quoted at \$28.20/28.24 in the market. You buy 5000 shares as a CFD at \$28.24, and you set a Trailing Stop with a Stop distance of 30 points and a Step size of 10 points.

The Stop initially sits at \$27.94, ie 30 points behind your opening price.

Immediately EFG Limited starts to rise. Very soon our sell price has risen to \$28.34 (10 points above your opening price) and your Stop 'steps' up by 10 points to \$28.04 to re-establish a 30-point distance from the new market level.

The rally continues and by late-afternoon EFG Limited is trading at \$28.89/28.93.

Your Stop has therefore moved automatically five more times, so you are now sitting on a healthy potential profit with your Stop waiting 35 points behind at \$28.54.

The market sentiment begins to weaken and the price of EFG Limited shares begins to fall gradually. When the share price drops to \$28.54 or below, your Trailing Stop will be triggered and your position closed. Once a Trailing Stop is triggered, it is treated in exactly the same manner as a conventional Non-guaranteed Stop Order. This means that there is a risk of slippage associated with Trailing Stops.

The only difference between a Trailing Stop and a conventional Non-guaranteed Stop Order is that the level of a Trailing Stop moves favourably with the market whereas the level of a conventional Stop Order remains fixed (unless manually adjusted). In this example, if EFG Limited shares trade at \$28.54, your Trailing Stop would be triggered, but if you had a conventional Non-guaranteed Stop Order,

you would still be in the market because your Stop Order would have remained at its initial level of \$27.94.

### EXAMPLE 3: BUYING A SHARE CFD WITH A LIMIT ORDER

A Limit Order is an instruction to deal if our price moves to a more favourable level (eg to 'buy' if our price goes down to a specified level or to 'sell' if our price goes up to a specified level).

For example, if we were quoting shares in ABC Co Ltd at \$23.46/23.54 you might give a Limit Order to 'buy' at a limit of \$23.30. Your Limit Order will be triggered if at any time, our offer quote moves reaches the level of the Limit Order (in this case \$23.30). We will normally accept a Limit Order on any open position except positions on options.

### EXAMPLE 4: PARTIAL FILLS

IG's current Australia 200 Cash price is 5874/5875. You want to buy up to 30 standard contracts at 5875, but you are worried your order may be rejected as it is so big.

You submit an order to buy 30 standard contracts at 5875, and select 'accept partial fill' on the deal ticket.

IG tries to fill you in the whole 30 standard contracts, but as the order is so big you receive a partial fill in 20 standard contracts. If you had not 'accepted partial fill' your entire order would have been rejected. The remaining part of your order (10 standard contracts) will be cancelled.

### EXAMPLE 5: POINTS THROUGH CURRENT

IG's current Australia 200 Cash price is 5874/5875, but the market is very volatile and you want to reduce your chance of getting a price rejection when you buy 10 standard contracts.

You submit an order to buy 10 standard contracts of the Australia 200 Cash up to 5 points through the current price. You are telling IG you are willing to pay up to 5880 (5875+5) to reduce your chance of a price rejection as you know the market is volatile. When IG receives your order our Australia 200 Cash price has gone up 2 points to 5876/5877 and you get filled in 10 standard contracts at 5877. If you had not selected the 'points through current' option, your order would have been rejected as the price of 5875 was no longer valid.

## 2.18 INDEX CFDs

Trading on Index CFDs allows you to gain exposure to a large number of different shares in one single transaction. They can be used to take positions on the direction of a whole market without taking a view on the prospects for any particular company's shares. A short position can be used as a rough, low-cost, hedge to protect a diversified share portfolio against market falls.

An Index CFD works in the same way as a CFD on an individual share in that they allow you to make a profit or loss by reference to fluctuations in the value of the underlying index, such as the Australia 200 Index. Unless you are notified otherwise or you agree to the same, there is no commission payable on opening or closing Index CFDs however in the case of Cash Index CFDs both interest and dividend adjustments may be applicable. When trading Index Future CFDs there is no adjustments for interest or dividends.

Index CFDs are opened in the same way as individual share CFDs (see section 2.12 above). You will be required to pay margin. Details of how this will be calculated are set out in section 2.10.1. There are two basic types of Index CFDs these are Cash Index CFDs and Future Index CFDs.

IG offers a wide range of European, US and Asian futures, several of which we quote 24 hours a day even when the underlying futures market is closed. For the main indices we offer cash and future markets.

When trading Index futures, it is important to remember that the current price of the future will not normally be the same as the price of the underlying cash index. There are, broadly speaking, two reasons for this:

Futures contracts usually trade at prices which reflect the interest advantage, and the disadvantage of future dividends, which is obtained by taking a long position in a futures contract rather than buying actual shares for cash. Interest rates are generally higher than dividend yields, so the future will usually have a natural premium, called a fair value premium, to the underlying index. Futures prices can respond to news or a change of sentiment more quickly than indices, which are not fully up to date until every individual share which they contain has traded. In a volatile market, futures contracts can trade at very substantial premiums or discounts to their underlying index. IG's quotes for Cash Index CFD's take account of these phenomena.

### EXPIRIES AND ROLL OVERS

All Index future CFDs automatically roll over to the next contract period unless you opt out of this in respect of a specific expiry transaction or in respect of all expiry transactions on your account now or in the future. If you opt out of automatic roll overs, the CFD will expire at the appropriate market level and date as detailed in the specific Product Details (<https://www.ig.com/au/charges>).

Australia 200 Futures for example expires at the special opening quotation on the expiry date plus or minus IG spread. (Please check Product Details for appropriate expiry details). Any opt out request must be made prior to the last rollover time for that trade. (Again as specified in the Product Details).

## 2.18 INDEX CFDs (CONTINUED)

### EXAMPLE OF A CASH INDEX CFDs DIVIDEND ADJUSTMENT

As explained earlier, futures contracts trade at prices which reflect the dividends companies are due to pay. When dividends are paid, these need to be adjusted for in the price of our cash Index CFDs contracts. These adjustments are typically made at the close of the cash market the day before the ex-dividend date. That is, for dividends on the ASX, we will usually reflect this in our price at 16:00 AEST the day before the ex-dividend date.

For example, BHP announces a dividend of 30 cents per share and is the only company in the Australia 200 index that day to pay a dividend. BHP's share price closes on the night before the ex-date at \$30.00. All things being equal a company's share price will fall by the price of the dividend being paid so when the share's trade ex-dividend, they should open 30 cents lower at \$29.70 on the morning of the ex-date.

If BHP constitutes 10% of the Australia 200 index and the Australia 200 index is trading at 5000 then BHP represents 500 points of the value of the Australia 200 index. A dividend that represent 1% of BHP will therefore equate to 5pts of the Australia 200 index. At 16:00 on the night before the ex-date, we would adjust our fair value and take 5 points off the price of our cash Australia 200 index. IG would then debit or credit clients the dividend amount depending on their respective holdings at 16:00 on the day before the applicable shares ex-date.

### INTEREST

Interest adjustments on Cash Stock Index CFDs are calculated and charged on a daily basis at an annual rate of interest for specifics on this calculation see section 4.6

## 2.19 CFDs ON OPTIONS

We also offer a range of CFDs on the price of traded options on various products including leading indices, equities and forex. Details of these markets and products are listed in the Product Details (<https://www.ig.com/au/charges>). There is no commission to pay on CFDs on options; we quote an 'all-in' price, so the only charge is the dealing spread – the difference between our 'buy' and 'sell' quotes. The margin requirements are also set out in the Product Details.

As an example, we offer index option CFDs on two types of traded options, puts and calls. A traded put option is the right to sell a market (the underlying market) at a fixed level, on or before a particular date. For example, a September 6500 FTSE 100 Index put is the right to sell the FTSE 100 Index at a level of 6500 on or before a specified date in September. A traded call option is the right to buy a particular market at a fixed level on or before a fixed date. For example, a December S&P 500 Index 2000 call option is the right to buy the December S&P 500 Index at 2000 on or before a specified date in December.

With traded options, the holder (or 'buyer') of the put or call has the right but not the obligation to exercise the option – they need only do so if it suits them. The writer (or 'seller') of the put or call has the obligation, if the option is exercised, to buy or to sell at the specified price (the 'strike price').

Profits or losses on option CFDs are made by reference to the movement of an option price. You are not buying or selling the option itself. It cannot be exercised by or against you and it cannot result in the acquisition or disposal of the underlying security, index or its constituents. You are able to close an option CFD at any time, within our dealing hours, before expiry but at expiry, the difference between the closing price level and the price level at which you opened your CFD will determine your profits or losses. Clients should note that some of the options prices quoted are calculated by us using the Black Scholes formula. This is available on request from us or is printed in most standard options texts.

Your risk in dealing on 'long' options positions is limited because the maximum loss you can sustain on the position is the cost of the option premium in the currency of the trade (it can only fall to zero). However, you should note that you may still be exposed to currency risk (refer section 3.1).

An option 'seller' sells an option believing that the underlying market will not move above or below the relevant strike price. If he is right, the option will expire worthless and he will receive the premium times traded size. It is very important to note that the seller of an option can face an open ended risk, as there is no upper limit on the price of an option, and there is no limit to the level at which the 'seller' may be obliged to 'buy' the option to close out a losing position.

As the risks associated with buying and selling options are different from other CFDs we offer, margin requirements are calculated differently. See section 2.10 for further information.

## 2.20 FOREIGN EXCHANGE ('FOREX') CFDs

Forex CFDs allow you to gain exposure to movements in currency rates. Forex CFDs are opened in the same way as other CFDs. We will quote a bid and offer price for an exchange rate. For example we might quote the A\$ against the US\$ as 0.82492/0.8250. If you thought the A\$ was going to rise against the US\$ you would 'buy' the CFD at 0.8250. If you thought the A\$ was going to fall against the US\$ you would 'sell' the CFD at 0.82492. You can close your position in the same way. If the CFD is a buy, the closing level will be the lower figure quoted by us, if the CFD is a sell it will be the higher figure.

While holding a position overnight, your account is debited or credited using the applicable overnight Tom-Next rate. Details of currency trading sizes and margin requirements are set out in the Product Details (<https://www.ig.com/au/charges>).

## LIMITED RISK PROTECTION

As with the other CFDs that we offer, you can also take Limited Risk protection on most Forex CFDs to limit your losses at the level you select. The Limited Risk protection premiums payable on Forex CFDs may be found in the Product Details (<https://www.ig.com/au/charges>).

## 2.21 EXAMPLES OF FOREX CFDs

### EXAMPLE 1: BUYING USD/JPY

#### OPENING THE POSITION

You decide to go long of the US dollar against the yen, and ask for a quote for 5 contracts, the equivalent of US\$500,000 (contract sizes are set out in the Product Details). We quote you 118.028/118.03 and you buy 5 contracts at 118.03.

#### INTEREST ADJUSTMENTS

While the position remains open, an overnight adjustment is debited or credited to your account using the applicable Tom-Next rate.

In this example, the credit for one day might be ¥400 (see Section 4.6 for a detailed example of overnight Tom-Next).

#### CLOSING THE POSITION

Three weeks later, USD/JPY has risen to 121.41/121.418, and you take your profit by selling 5 contracts at 121.41. Your gross profit on the trade is calculated as follows:

Closing transaction:	US\$500,000 (5 contracts) x 121.41 = ¥60,705,000
Opening transaction:	US\$500,000 (5 contracts) x 118.03 = ¥59,015,000
Gross profit on trade:	= ¥1,690,000

#### CALCULATING THE OVERALL RESULT

To calculate the overall or net profit, you also have to take account of the interest credit. In this example, you might have held the position for 20 days, and total interest credit you earned may have equaled ¥8,000.

Gross profit on trade:	¥1,690,000
Interest credit:	¥8,000
Net profit:	¥1,698,000 = US\$13,731 equivalent

### EXAMPLE 2: SELLING AUD/USD WITH LIMITED RISK PROTECTION

#### OPENING THE POSITION

You decide to go short the Australian dollar against the US dollar and ask for a quote for 2 contracts, the equivalent of A\$200,000. We quote you 0.7956/0.7958 and you sell 2 contracts on a Limited Risk basis. You decide to put your Guaranteed Stop Order at 0.8150. A limited risk premium of \$40 (\$200,000 \* limited risk premium of 0.0002), the equivalent of 2 points, will be deducted as a cash entry only if the Guaranteed Stop Order is triggered. However, the margin required to open the position will include this premium. This means that, should the market move against you, your position will be closed at exactly 0.8150, even if, the market gaps. A guaranteed stop can be added or removed at any time.

Suppose the market does in fact 'gap' from 0.8140 to 0.8170 on unexpected news. Your Guaranteed Stop order is triggered and your position is closed at 0.8150. Your loss on the position is calculated as follows:

Stop Order level:	A\$200,000 (2 contracts) x 0.8150 = US\$163,000
Opening level:	A\$200,000 (2 contracts) x 0.7956 = US\$159,120
Limited risk premium:	A\$40
Gross loss on trade:	= (US\$163,000 – US\$159,120) + \$40 = \$3920

#### INTEREST ADJUSTMENTS

Interest adjustments are applied to Limited Risk positions in exactly the same way as to standard Forex CFD positions.

#### CALCULATING THE RESULT

To calculate the total loss, you also have to take account of the interest debit. In this example, you might have held the position for 7 days, the total interest debit incurred may have equaled US\$100.80.

Gross loss on trade:	US\$3920
Interest debit:	US\$100.80
Total loss:	US\$4020.80 = A\$4,921.42 equivalent

## 2.22 COMMODITIES AND MONEY MARKET CFDs

We also offer a range of CFDs on the price of various commodity, interest rate and bond futures. These may be offered as undated contracts and futures contracts. Details of these products are listed in the Product Details (<https://www.ig.com/au/charges>). There is no commission to pay on these types of CFDs; we quote an 'all-in' price, so the only charge is the dealing spread – the difference between our 'buy' and 'sell' quotes. The margin requirements are set out in the Product Details. If you trade in the futures contracts, these types of CFDs have set expiry dates, upon or after which the position will automatically roll over to the next contract period unless you opt out, as described in section 2.5.

## 2.22 COMMODITIES AND MONEY MARKET CFDs (CONTINUED)

### UNDATED COMMODITIES

Undated commodity CFDs do not have a near-term expiry. If you hold a position in an undated commodity CFD overnight, an overnight funding charge will apply (as calculated in accordance with section 4.6). Details of when the charge is applied can be found in the specific Product Details (<https://www.ig.com/au/charges>).

In the absence of a continuously traded underlying market, we have created an algorithm to derive a price from the forward curve of each commodity. It will automatically calculate and apply daily funding requirements.

To price these markets, we use two futures contracts on the underlying commodity. For each market, we look at the contracts that have sufficient liquidity, then use the two with the nearest expiry dates. The one that has the closest expiry date is called the front month contract (Contract A). The one with the second-nearest expiry date is called the back month contract (Contract B).

As soon as the previous contract expires, the price we offer on the undated commodity CFD is equal to the price of Contract A. When the front month contract expires, Contract B becomes the front month contract, and our price of the undated commodity CFD is equal to the price of Contract B.

In between these two expiry points, our price gradually moves from the price of Contract A towards the price of Contract B. Depending on the commodity, the price of Contract B can be higher or lower than the price of Contract A.

Overnight funding charges on undated commodity CFDs reflect one day's movement along the forward curve from the price of Contract A towards the price of Contract B. The overnight funding charge also includes an admin fee component, the details of which are available in the specific Product Details (<https://www.ig.com/au/charges>).

## 2.23 EXAMPLE: BUYING THE TREASURY BOND (DECIMALISED)

### OPENING THE POSITION

You believe long-term interest rates in the US will fall and therefore the price of Treasury Bonds will rise. You check the real-time price for our June Decimised T-Bond on-line; the price is showing 13921/13925 and you decide to buy three contracts at 13925.

The Decimised T-Bond is quoted in hundredths of a full Treasury Bond point (in the underlying market, T-Bonds are quoting in fractions of 1/32 of a full point). So 13925 is equivalent to 139-08 in the underlying, as 139-08 means 139 and 8/32, or 139 and 0.25 of a point. One contract is the equivalent of \$10 per hundredth of a full point.

### CLOSING THE POSITION

As you predicted, interest rates do fall and the price of Bonds rises accordingly.

You check our current quote, and we are quoting the price 14000/14004. You close your position by selling three contracts at 14000. Had you left your position open up until the expiry date, the position would have automatically rolled over to the next contract period unless you had opted out of automatic roll overs, as described in section 2.5.

### CALCULATING THE OVERALL RESULT

Closing level:	14000
Opening level:	(13925)
Difference:	75

So the net profit on this trade would be 75 points x 3 contracts x \$10 per point = \$2250.

## 2.24 MINIMUM TRADE SIZES

Minimum trade sizes for some CFDs are set out in the Product Details (<https://www.ig.com/au/charges>). These may be varied and you should check the current Product Details for up to date information.

## 2.25 TRADING LIMITATIONS AND RESTRICTIONS

We reserve the right to impose trading restrictions on client accounts, with or without notice. This includes, but is not limited to, maximum trade size and trade frequency. Maximum trade size and frequency can also vary by market and time.

## 2.26 RANGE OF MARKETS

We offer CFDs on local and global markets and exchanges. Further information and specific details can be found on our website.



## 3. RISKS OF THESE DERIVATIVES

This section is a summary of the major risks that can apply to trading CFDs. For more detailed information you should refer to our Risk Disclosure Notice available on our website.

### 3.1 PRODUCT RISKS

#### LEVERAGE RISK

Trading in CFDs carries a high degree of risk. The 'gearing' or 'leverage' involved in trading CFDs means that a small initial margin payment can potentially lead to large losses. The geared nature of CFDs also means that CFD trading can carry greater risks than conventional share trading, which is generally not geared.

#### GAPPING RISK

A relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

Limited Risk CFD limits the extent of your liability, but you may sustain the loss in a relatively short time. Placing a Non-guaranteed Stop Order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an Order if the underlying market moves straight through the stipulated price.

#### RISKS ASSOCIATED WITH OTC DERIVATIVES

Most CFDs are off-exchange derivatives. This might be considered to involve greater risk than an on-exchange derivative as there is no exchange market on which to close out an open position – you are only able to open and close your positions with us.

#### CONTINGENT LIABILITY RISK

CFDs are contingent liability transactions which are margined and require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately, and they may only be settled in cash.

#### YOU MAY SUFFER LOSSES WITHIN A SHORT PERIOD OF TIME

You may sustain a total loss of the margin that you deposit with us to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice. If you fail to do so within the required time, your position may be liquidated at a loss and you will be liable for any resulting deficit. Your positions may be liquidated before we are able to reach you.

#### MAINTENANCE MARGIN RISK

Even if a CFD is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered into the contract.

#### MARKET LIQUIDITY RISK

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that trading in the underlying market is suspended or restricted or if liquidity in their underlying instrument is limited.

#### DERIVATIVE MARKETS ARE SPECULATIVE AND VOLATILE

Derivative markets can be highly volatile. The prices of CFDs and the underlying securities, currencies, commodities, financial instruments or indices may fluctuate rapidly and over wide ranges and in reflection of unforeseen events or changes in conditions, none of which can be controlled by you. The prices of CFDs will be influenced by unpredictable events including, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.

#### CURRENCY RISK

Balances in currencies other than the base currency of your account may be maintained by you on your account and, when requested by you and/or necessitated by your trading, conversions between currencies will be made at an exchange rate no more than 0.5% less favourable to you than the exchange rate at the time of the conversion.

A crystallised profit or loss that is realised in a currency other than your base account currency will be converted on close unless requested otherwise by you. Different frequency options are available when opening an account and can be modified by you using the self-service function on our Electronic Trading Service or by request to us.

For example, if you open a CFD on the movement in price of IBM stock, it will be priced in US dollars. The deposit requirement for the CFD will be calculated in US dollars and you will be required to maintain the AUD equivalent as margin (assuming your account is denominated in AUD). Any variation in the AUD/USD exchange rate or the underlying CFD deposit calculation may alter the amount of Australian Dollars required to maintain the margin requirement.

#### CRYPTOCURRENCY FORK RISK

CFDs are high risk investment products, which are volatile, creating the opportunity for high financial returns or losses. Cryptocurrencies are also high risk facilities and their value fluctuates significantly. Cryptocurrencies are subject, not just to market risks of supply and demand, but to technology risks. If you choose to invest in the high risk asset of cryptocurrencies through a high risk financial product such as CFDs you do so in the knowledge that you are exposed to the risk of loss.

Cryptocurrencies are digital currencies. We base the price of our cryptocurrency contracts on the underlying market, made available to us by the exchanges and market-makers with which we trade. When you trade CFDs on cryptocurrencies (including cryptocurrency crosses such as Ether/Bitcoin), you need to be aware of the risk of a hard fork occurring. A hard fork is when a single cryptocurrency splits in two and occurs when a cryptocurrency's existing code is changed, resulting in both an old and new version. IG reserves the right to determine which blockchain (ledger of cryptocurrency transactions) and cryptocurrency unit has the majority consensus behind them and use this as the basis for cryptocurrency contracts. If the hard fork results in a viable second cryptocurrency becoming tradeable on exchanges we have access to, then in our absolute discretion, we may create an equivalent position or cash adjustment on client accounts to reflect its value.

When a hard fork occurs, there may be substantial price volatility around the event, and we may suspend trading throughout if we do not have reliable prices from the underlying market.

We will endeavour to notify you of potential forks, however it is your responsibility to make yourself aware of the forks that could occur.

We may enforce a limit on the total amount of cryptocurrency exposure that each client is allowed to maintain. This information is available on our website or from our Helpdesk upon request. Any client with a notional size above this limit is at risk of having their cryptocurrency positions reduced

### 3.2 ISSUER RISKS

#### COUNTERPARTY RISK

There is no clearing house for CFDs, and the performance of a CFD by IG AUSTRALIA PTY LTD is not 'guaranteed' by an exchange or clearing house. Our insolvency or default may lead to your positions being liquidated or closed out without your consent. As all deposits lodged with us are held on trust for you in a regulated trust account, in such circumstances those deposits would attract all the legal protections afforded to trust money. Net unrealised running profits are also held in trust by us (in excess of our regulatory requirements) and would normally be similarly protected for your benefit as beneficial owner, unless a Court were not to uphold the trust in relation to the net unrealised profits, in which event you would rank as an unsecured creditor of ours in relation to such net unrealised profits.

#### CREDIT RISK

The obligations to you under the Client Agreement and the CFDs are unsecured obligations, meaning that you are an unsecured creditor of ours.

#### WE MAY ACT AS MARKET MAKER

In some cases the prices generated by the platform will take into account current exchange and market data from various sources, they are not taken directly from any source. This means that our price may be different to any current exchange or market price, or another financial product provider's price, for the relevant underlying instrument.

### 3.3 RISKS WHEN ENTERING OR SETTLING DERIVATIVES

#### TECHNOLOGY RISK

We cannot guarantee that the platform will be available continuously but we will do our best to make it available when required by you.

IG does not accept any liability in respect of the operation of the platform except to the extent that it is caused by a negligent act or omission, fraud or dishonesty on the part of IG or its employees, agents or representatives.

#### YOUR TRADES ARE AT RISK OF BEING CLOSED AUTOMATICALLY

Your margin must remain above the close out level at all times or your positions may be closed out at any time. We do not guarantee the closure and you are responsible for monitoring your account at all times. Closely monitoring your positions is very important as you may be required to make immediate payments to avoid a close out.

## 4. FEES

Here you will find a summary of the costs and charges associated with our CFDs and markets. For a detailed breakdown of the costs and charges, please refer to the Costs and Charges available at <https://www.ig.com/au/charges>

The Costs and Charges document details the formulae for how we calculate our charges, as well as worked examples. You can apply these to your own trades to estimate the cumulative effect of our costs and charges on your returns.

It's important to remember that your total costs will increase proportionate to your trading sizes and volumes.

### 4.1 COMMISSION ON INDIVIDUAL SHARE CFDs

Commissions are charged either on a percentage of the notional value or on a cents per share basis and are subject to a minimum charge. Unless you are informed otherwise, commission on individual shares will be charged according to the standard rates outlined in the Product Details (<https://www.ig.com/au/charges>).

We deduct our commission charge from your account when you open a position and then again when you close the trade.

### 4.2 LIMITED RISK PREMIUMS

Limited Risk CFDs are available on certain CFDs at our discretion by adding guaranteed stops. Limited Risk CFDs carry a Limited Risk premium, which is paid when the Stop Order is triggered. The margin required at the point a guaranteed stop is added to a position will include this premium. The Limited Risk premium will be as set out in the Product Details (<https://www.ig.com/au/charges>) or as notified to you in writing.

### 4.3 SPREAD ON INDEX CFDs, INDEX OPTION CFDs, FOREX CFDs TRANSACTIONS

Dealing spread is the difference between our quotes (the level at which you open a 'buy' or 'sell' a CFD) and can be seen as a cost of trading. Dealing spreads are applied when you open or close a trade and vary according to the market concerned.

They are subject to variation, especially in volatile market conditions, and we may change our dealing spreads at any time. Wider spreads for stock indices apply when they are quoted outside normal market hours. Because dealing spreads vary, the dealing spread when you close a CFD may be different to the dealing spread when you opened it. In unusual circumstances, spreads may be quoted which are significantly wider than those shown in the Product Details (<https://www.ig.com/au/charges>).

### 4.4 ADDITIONAL COMMISSION ON FX DIRECT

Commissions are charged on top of the market spread when using Forex Direct. The commission charged is based on the notional value of the trade in USD and is calculated as USD amount per million USD traded using the spot exchange rate. The commission varies depending on account activity during the previous month and will not exceed 60 USD per 1 million USD traded. Please contact our dealers for further information.

We deduct our commission charge from your account when you open a position and then again when you close the trade.

### 4.5 COST OF BORROWING – 'SELLING' SHARE CFDs

Where you are short a share CFD position, you will incur a borrow charge. The borrow charge will be accounted for in a daily cash adjustment applied to your account. The borrow charge varies according to the share and is notified to us by our brokers.

The borrowing charge will be calculated and posted to your account daily. The borrowing charge, and the ability to go short, can be changed at short notice.

### 4.6 INTEREST ADJUSTMENTS

For certain products that remain open at the end of each calendar day a holding cost will be calculated and applied. This cost applies regardless of whether you are long or short on a trade. Holding costs can be positive and negative. Further information can be found in the Product Details (<https://www.ig.com/au/charges>) on our website.

Costs will be calculated as follows:

PRODUCT	POSITIONS HELD AT	RATE APPLIED	FORMULA
FX <sup>1</sup>	10PM LONDON TIME	TOMNEXT	VALUE PER POINT TOMNEXT POINTS
SPOT METALS	10PM LONDON TIME	TOMNEXT	VALUE PER POINT TOMNEXT POINTS
SHARES	10PM LONDON TIME	APPLICABLE INTEREST RATE	NUMBER OF SHARES SHARE PRICE APPLICABLE INTEREST RATE /360
STOCK INDICES	10PM LONDON TIME	APPLICABLE INTEREST RATE	NUMBER OF LOTS LOT SIZE INDEX PRICE APPLICABLE INTEREST RATE /360
COMMODITIES WITH NO EXPIRY DATE <sup>2</sup>	10PM LONDON TIME	COST OF CARRY POINTS	VALUE PER POINT <sup>1</sup> COST OF CARRY POINTS

<sup>1</sup> Excluding cryptocurrencies

<sup>2</sup> Excluding spot metals

Cryptocurrency positions pay funding at an annualised rate. Details are available in the Product Details (<https://www.ig.com/au/charges>) on our website.

The exceptions to the above are weekend postings, where there is an adjustment for three days as opposed to one, and public holidays. For further details on when these take place please see the Product Details.

The underlying market for Tom-Next is a tradeable two way price with market spread. Tom-Next prices are derived from the cost required to borrow overnight the currency that is being notionally sold less any interest earned from depositing overnight the currency that is being notionally bought, market forces and expectations are also able to influence this rate. IG charges an administration charge on top of this spread (further details of IG's charges are available on the website) (<https://www.ig.com/au/charges>).

Cost of carry points include the market costs between days plus an IG administration cost.

Formulas use a 360 day divisor for Australian, US and European shares and indices, and a 365 day divisor for UK, Singapore and South African shares and indices. Interest in respect of long positions is debited from your account and interest in respect of short positions may be debited from or credited to your account. The applicable interest rate is generally dependant on the currency in which you are dealing unless otherwise stated in the Product Details (<https://www.ig.com/au/charges>).

In the case of Forex CFD's, interest in respect of long or short positions may be debited from or credited to your account depending on the overnight Tom-Next.

We review our overnight funding charges regularly, and keep our website and Product Details (<https://www.ig.com/au/charges>) updated with the latest rates.

## 4.7 EXCHANGE FEES, DELAYED DATA AND DERIVED PRICES

You will be able to trade share CFDs electronically through our platforms using quotes which are fed from the relevant stock exchange. You may subscribe to live exchange data for which we charge a monthly fee, which varies depending on the classification of your account and the exchange in question. Please visit the data feed section when logged onto the web-based platform for charges. Please note that we will charge the monthly fee until you unsubscribe however we reserve the right to remove your access to exchange prices if you do not have sufficient funds in your account to cover the data feed charges. Alternatively, we may offer a 'delayed data' service for some exchanges which provides you with a delayed price stream free of charge. The delayed data service provides a real-time quote on request.

For US, UK, European and Australian shares, we may offer 'derived prices', free of charge, rather than providing free delayed pricing. Derived prices change in real-time. They are created by IG, by adjusting the real-time prices feeds from the exchange in a way that makes the price non-reverse-engineerable (as required by the exchange). Derived prices may come from one or more exchanges.

It's important to note this doesn't affect the execution of your orders. Execution is always against the underlying exchange price, the change is only to the price displayed on your platform so you may even get a better price than the price you click on. This includes stops and limits that are only ever triggered by the real-time exchange prices.

The displayed profit and loss of all your open positions will be against derived prices. However, because we base execution on the more beneficial exchange price, any realised profit or loss may be marginally better than what you see displayed on the platform. Margin and profit and loss for the purpose of margin calls will still be calculated based on non-derived live prices.

You can still choose to see a non-derived, real-time raw data feed if you wish to pay data redistribution fees.

## 4.8 PROREAL TIME CHARTS FEES

For clients who subscribe, the applicable chart fees may be charged to your account in accordance with the terms set out in the ProRealTime Chart section of the web based platform. This fee may be credited if you qualify as an active user. You may contact us for active user terms.

We reserve the right to remove your access to charts at our discretion, for example if you do not have sufficient funds in your account to cover the chart fees, and/or your account may be left with a debit balance as a result of ongoing chart fees.

## 4.9 OTHER FEES

Other services that may attract a fee are included in the table below. Please check our website for further details and applicable costs. All fees listed are charged to your account at the time of the transaction.

<b>Credit card payment</b>	New Zealand Mastercard debit New Zealand Visa debit New Zealand credit card AU\$, HK\$, US\$ & Euro credit or debit card
<b>Paypal</b>	All
<b>Real Time Gross Settlement (RTGS) payment</b>	New Zealand clients
<b>Real Time Gross Settlement (RTGS) withdrawal</b>	All
<b>Telegraphic Transfer (TT)</b>	All
<b>Inactivity Fee</b>	Accounts that have been inactive for 2 years or more and still hold funds
<b>Cash in Transit (CIT)</b>	May apply for some payments

## 5. HOW IG TREATS FUNDS AND PROPERTY RECEIVED FROM YOU

IG does not accept property. Any money that you deposit with us, including your net running profits, will be held separately from our money, in a trust account, and held and dealt with in accordance with the Governing Legislation and the Client Agreement.

As permitted under Governing Legislation, we may establish and maintain one or more client money trust accounts with a registered bank in New Zealand and one or more client money trust accounts outside New Zealand. Your money may be co-mingled into one or more trust accounts with our other customers' money, which is also held on trust. We may invest money held on trust in term deposit investments, in accordance with the 'Client Money' term contained in the Client Agreement.

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

We do not use client money for the purpose of meeting obligations incurred by us when hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by us from our own money. In addition, client money is not used to meet the trading obligations of other Customers.

Withdrawals from client money will only be made to you (or a third party where compliant with regulations) on your instruction, into your bank account, or to us where it is due and payable or where it is an excess to the Client Money Trust account.

In practice, this means your money is held on trust and not used by us, and is only withdrawn to be paid to you on request or by instruction, or to us when due and payable.

By way of example, client money is calculated for each client as:

Your free cash meaning money that is not currently being used by you for any purposes
plus
Margin paid by you on open positions, because this money forms part of your equity balance, because the company is required to repay it to you when you close your position
plus
Your running profits
less
Your running losses
less
Any amounts owed by you which are due and payable to the company

provided that, if the calculation above results in a negative number, zero must be used in the client money requirement calculation.

## 6. ABOUT IG

### 6.1 ABOUT IG

IG Australia Pty Ltd is part of the IG Group, speciality finance and derivatives group offering off-exchange/over-the-counter (OTC) derivatives including CFDs. The IG Group was founded in 1974 and employs approximately 1,600 staff worldwide.

IG Australia Pty Ltd is a company incorporated in Australia and regulated by the Australian Securities & Investments Commission and which holds a New Zealand Derivatives Issuer License issued by Financial Markets Authority ('FMA'), FSP Number 684191.

IG Australia Pty Ltd is registered in New Zealand as a foreign company (Company No. 7639257, NZBN 9429047618251).

The Chairman, Bell Gully Solicitors, whose address is 21st Floor, 171 Featherston Street, Wellington 6011, has been appointed by IG Australia Pty Ltd to accept service in New Zealand of any documents on its behalf.

Further information about IG and the products is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/> and a copy of this information is available on request from the registrar.

The offer register contain a link to IG Australia Pty Ltd annual report and financial statements (together with an auditor's report on those statements). Those financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

### 6.2 LICENSING BY FINANCIAL MARKETS AUTHORITY

IG Australia Pty Ltd has been licensed by the Financial Markets Authority ('FMA'), to carry on the business of issuing derivatives contracts and to which IG Australia is a party pursuant to the Financial Markets Conduct Act 2013. However:

- the FMA's role in licensing derivatives issuers is limited and does not imply approval or endorsement of the business, trading or solvency of IG Australia; and
- the FMA holds no responsibility for the contents of this PDS or any other materials provided to you by IG Australia Pty Ltd.

## 7. HOW TO COMPLAIN

Any complaints will first be investigated by our Trading Services Department and you should contact our Trading Services Department at [helpdesk.au@ig.com](mailto:helpdesk.au@ig.com), call 0800 442 150 or by post to L15, 55 Collins St, Melbourne VIC 3000, Australia. If the Trading Services Department is unable to resolve the complaint to your satisfaction, you may refer your complaint to the Compliance Department.

If the Compliance Department is unable to resolve the matter and you are a retail client by reason of the provisions of the Governing Legislation you are not or are not deemed to be a wholesale client in respect of the CFD transaction the subject of the Complaint, you may after 40 working days have elapsed since the Complaint was made, then refer the matter to our New Zealand independent external dispute resolution scheme operated by Financial Services Complaints Limited (FSCL).

The FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

If you would like more information on how complaints are handled, please contact our Trading Services Department, FSCL can be contacted at – PO Box 5967, Wellington 6145; toll free on 0800 347 257; by email: [info@fscl.org.nz](mailto:info@fscl.org.nz) or at [www.fscl.org.nz](http://www.fscl.org.nz)

Further information relating to IG and the CFD products we offer can be found in the disclose register at <https://disclose-register.companiesoffice.govt.nz/>. A copy of information on the offer register is available on request from the Registrar.

More information about CFDs, the complete list of products, ongoing education about the platform, trading strategies and market commentary are available on our website at [www.ig.com/au](http://www.ig.com/au)

The Product Details are also available on our website (<https://www.ig.com/au/charges>) and contain technical information on the market details for our CFDs, the associated costs for the CFDs and any amounts that we may require you to pay or amounts that we will pay you in respect of your account with us.

## 8. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to IG and the CFD products we offer can be found in the disclose register at <https://disclose-register.companiesoffice.govt.nz/>. A copy of information on the offer register is available on request from the Registrar.

More information about CFDs, the complete list of products, ongoing education about the platform, trading strategies and market commentary are available on our website at [www.ig.com/au](http://www.ig.com/au)

The Product Details (<https://www.ig.com/au/charges>) are also available on our website and contain technical information on the market details for our CFDs, the associated costs for the CFDs and any amounts that we may require you to pay or amounts that we will pay you in respect of your account with us.

## 9. HOW TO ENTER INTO CLIENT AGREEMENT

### 9.1 APPLYING TO TRADE WITH IG

Before you begin dealing with us you must complete an Application Form either on-line or by hard copy and be approved by us. Before completing the Application Form you should read this PDS, including the Client Agreement. The Application Form requires you to disclose personal information. You should refer to the Client Agreement and the Privacy Notice on our website which explains how we collect personal information and then maintain, use and disclose that information between our Related Companies or third parties, and privacy issues specific to your use of our website.

### 6.3 HOW TO CONTACT IG

IG Australia Pty Ltd operates business for New Zealand investors through the office based in Australia.

Name: IG Australia Pty Ltd  
Address: Level 15  
55 Collins Street  
Melbourne  
VIC 3000  
New Zealand Toll Free: 0800 442 150  
Fax: 61 3 9860 1702  
Email: [helpdesk.au@ig.com](mailto:helpdesk.au@ig.com)

### 6.4 TRADING HOURS

Trading hours vary by market and are subject to change. Trading hours may also be effected by public holidays.

You will find the details of various trading hours on our website which may be updated from time to time. It is your responsibility to monitor the trading hours of any product that you may wish to trade.



## 9.2 ACCOUNT OPENING PROCESS

When we receive a completed application from you we may use your information to conduct any further enquiries about you as we in our sole discretion determine are necessary or appropriate in the circumstances.

You warrant that the information (including financial information about yourself) provided to us in your Application Form (and at any time thereafter) is true and accurate in all respects. You acknowledge that we will rely upon the information you so provide to us in making a judgement about you as a potential client.

We will only deal with you, if in our sole judgement, you have qualified for an account as determined by our Client Qualification Policy. If in our sole judgement we consider that you have qualified, we will not be liable in any way to you or have any dealings or transactions between us set aside modified or varied if such experience, knowledge and understanding is found to be insufficient or that we were in error in making our judgement.

Under the terms of the Governing Legislation you will be classified as a retail client unless your CFD transactions are of a value as would bring you within the category of wholesale client. The Governing Legislation also contemplates certain categories of clients as satisfying certain criteria being categorised as wholesale clients (irrespective of the value of your CFD transactions) by applying to us to be so categorised.

If you download and sign an electronic Application Form from our website, you should note that you will be deemed by us to have acknowledged that you have either downloaded and read the electronic versions of this PDS and the Client Agreement or received personally and read the paper copies of those documents. Online and hard copy of the Application Form are available to you on our website [www.ig.com/au/create-account](http://www.ig.com/au/create-account).

## 10. ADDITIONAL INFORMATION

### REPRESENTATIONS

The CFDs that we offer to enter into are offered solely on the basis of the information and representations contained in this PDS, including the Client Agreement and no other information or representation is authorised and you should not rely on any such information or representation.

### TRADING AS PRINCIPLE

We will enter into all CFDs with you as principal, not as an agent. We will treat you as our client for all purposes and you will be directly responsible for performing your obligations under each CFD.

### SECURITY OF YOUR ACCOUNT

We are unable to verify your voice on the telephone or your person via the internet or email. For this reason, we will use your account number and/or Security Details (which may include: user identification codes, digital certificates, passwords, authentication codes, API keys or such other information or devices to your access to the trading platform) to identify you when you contact us. You are responsible for maintaining the security of your Account details, including your Account number and password. It is extremely important that you keep your Account number and password confidential. If you are aware or suspect that these details are no longer confidential then you should contact us immediately so that they may be changed. We will deem any transaction including CFDs opened or closed by any person using your account number and/or Security Details to be binding upon you.

### KEY DATES AND EVENTS

It is your responsibility to be aware of key dates and events, such as the expiry dates for particular CFDs.

We do not aim to make a profit from our clients from the outcome of corporate events such as rights issues, takeovers and mergers, share distributions or consolidations, and open offers. We aim to reflect the treatment we receive, or would receive if we were hedging our exposure to you in the underlying market. However:

- the treatment you receive may be less advantageous than if you owned the underlying instrument;
- we may have to ask you to make a decision on a corporate event earlier than if you owned the underlying instrument;
- the options we make available to you might be more restricted and less advantageous to you than if you owned the underlying instrument; and/or
- where you have a stop attached to your open share CFD position, the treatment that you will receive from us will always, to the greatest extent possible, aim to preserve the economic equivalent of the rights and obligations attached to your CFD position with us immediately prior to the corporate event taking place;
- where you have a GTC Order attached to a share CFD position and then a corporate takes place, we may cancel your Order. Where we disregard or cancel an Order, IG will not re-enter the Order. It is your responsibility to ensure that all such Orders are cancelled and re-entered if needed.

### CORPORATE ACTIONS

A dividend adjustment is applied after a share (or a component share in the case of stock indices) finishes trading cum-dividend in the underlying market. In the case of long positions, the dividend adjustment is credited to your account, in the case of short positions it is debited from your account. The dividend adjustment for shares (Australian or otherwise) varies depending on local tax arrangements which may vary from time to time.

If an instrument becomes subject to a possible adjustment as the result of any corporate or comparable event, we will determine the appropriate adjustment to your CFD position(s) as the result of any such event. This may include but is not limited to, to special dividends, bonus share issues, scrip or rights issues, stock splits or consolidations.

Neither you nor we acquire any interest in or right to acquire, and neither party is obliged to sell, purchase, hold or deliver or receive, the underlying instrument of any CFDs that you and we deal in.

We will not give you any personal financial product advice. Any general financial product advice that we may give you will have been prepared without taking into account your personal objectives, financial situation or needs. Accordingly, you should consider carefully trading with us and the appropriateness of any general advice having regard to your personal objectives, financial situation and needs, and obtain financial and legal advice before you open an account and trade with us.

Nothing in this PDS should be taken to be a recommendation to trade in CFDs or trade in any particular share, stock, index, commodity or currency by way of CFDs, and any reference to a particular share, stock, index, commodity or currency is for illustration only.

The Client Agreement contains a provision by which you agree that you enter into all CFDs in reliance on your own judgement, and that we will not be liable for any losses, costs, expenses or damages suffered by you arising from any inaccuracy or mistake in any information we give to you in the absence of fraud, wilful default or gross negligence or as required by legislation.

### NEGATIVE BALANCE PROTECTION

Negative balance protection is applicable to your account as a retail client. This means that if your account falls into a debit balance, we will adjust the balance on your account back to zero at no cost to you. The total losses on your CFD positions will therefore be limited to the funds in your trading account.

### ACKNOWLEDGMENTS

By signing the Application Form you acknowledge to us that you:

- have given consideration to your objectives, financial situation and needs and;
- the risks of loss which accompany the prospects of profit associated with dealing in CFDs and have formed the opinion that dealing in CFDs is suitable for your purposes;
- were advised by us to obtain independent tax and financial advice concerning this PDS, including the Client Agreement;
- received and considered this PDS, including the Client Agreement.

## CHANGES TO THIS PDS

We may amend this PDS at any time by written notice to you. Any amendments to this PDS can be found on our website. If amendments are materially adverse to you, we will issue a supplementary or replacement PDS.

## UNDERLYING MARKET AND COMPANIES

References in this PDS or in any other materials prepared by us to any share traded on any exchange or to any share, stock, index, commodity or currency on which a CFD is based are included solely for the purposes of identification of the underlying instruments to which those CFDs relate. Such references are not to be construed as an express or implied endorsement of such share, stock, index, commodity or currency. We do not, therefore, accept any liability or responsibility for, and makes no representation or warranty, express or implied, as to, the accuracy or completeness of such information. You should make your own enquiries.

We are not associated or affiliated with, nor endorsed or approved by, Australian Stock Exchange Limited, SFE Corporation Limited, or any party, market or market index referred to directly or indirectly in this PDS. References in this PDS to the names of any markets or market indices are references to markets or indices owned or operated by third parties who are not in any way associated with us. References in this PDS to trade marks associated with or used in relation to such markets or indices are references to names or trademarks owned or claimed by third parties who are not in any way associated with us.

## FINANCIAL AMOUNTS

Throughout this PDS, the symbol '\$' has been used to denote Australian dollars.

Where necessary, A\$, US\$ and NZ\$ have been used to differentiate between Australian, US and New Zealand dollars, respectively. We do not take into account labour standards, environmental, social or ethical considerations for the purpose of offering to enter into CFDs with you, other than dealing with you in a fair and equitable manner.

## INTERPRETATION

Below is a list of some words used in this PDS and their meanings. The Customer Agreement defines many terms and expressions and you should refer to them if in any doubt about the meaning of any term or expression. You should also refer to the Product Details (<https://www.ig.com/au/charges>) for specific information and on market terminology.

- 'Account' means an account of the Customer with us;
- 'Application Form' means an application form to open an Account with us;
- 'Client Agreement' means the New Zealand Client Agreement, as amended from time to time;
- 'Contract for Difference' or 'CFD' means a contract with us whose value fluctuates by reference to fluctuations in the price of an underlying instrument, offered by us to customers from time to time on the terms and conditions set out on the Client Agreement;
- 'FMA' means the Financial Markets Authority of New Zealand;
- 'FSCl' means the Financial Services Complaints Limited in New Zealand;
- 'Good Till Cancelled (GTC)' means an instruction that the Order does not expire at the end of the trading day, although a GTC Order will usually terminate at the end of the contract period;
- 'Governing Legislation' means the Financial Markets Conduct Act 2013 and the regulations made under it and all applicable financial services laws;
- 'Limit Order' means an order to buy or sell a specified amount of a security at a specified price or better;
- 'Limited Risk' means the protection offered by our Guaranteed Stop Orders or other CFDs where the margin requirement is equal to the maximum possible loss in the trade currency. See sections 2.14 and 2.15 for further details;
- 'Margin and Margin Percentage' means the percentage of margin that you are required to have in your account to open a CFD and to maintain for the life of that CFD;
- 'Margin Call' means a demand for additional funds to be deposited in your account to meet your margin requirement if your account equity has fallen below this amount;
- 'Non-guaranteed Order' means a Stop Order or Limit Order, which we execute as soon as possible after our quote reaches or goes beyond the level of such Order. See sections 2.16 and 2.17 for further details;
- 'Order' includes a Limited Risk Stop Order and Non-guaranteed Stop and Limit Orders as the context permits;
- 'Product Details' means the section of the public pages of our website (<https://www.ig.com/au/charges>) designated as the Product Details as amended from time to time.
- 'Stop Order' means an order to buy or sell a specified amount of a security at a specified price or worse and includes both a conventional Stop Order (where the level of your stop is fixed) and a Trailing Stop (where the level of your stop automatically tracks moments in your position). See section 2.16 for further details;
- 'we', 'us', 'our' or 'IG AUSTRALIA PTY LTD' means IG Australia Pty Ltd and any Related Companies, as the context may require.