



Product Disclosure Statement

Pepperstone Group Limited

Company: Pepperstone Group Limited
ACN: 147 055 703
AFSL: 414530
Date updated: August 2023

Contents

1. Introduction.....	3
2. About our products.....	4
What is Margin FX?.....	4
Example: Base and term currencies	4
What is a CFD?.....	4
CFDs over Underlying Assets with set	
expiry dates.....	5
Example: Rollover adjustment.....	5
3. Appropriateness.....	5
4. Trading with us.....	6
What happens when you trade?.....	6
Margin.....	6
Margin Obligations.....	6
Example: Margin requirement.....	7
Knowing your Margin Requirement.....	7
Meeting Margin Calls.....	7
IMPORTANT: what happens when you	
don't meet a Margin Call.....	8
Stop Loss Orders and Limit Orders.....	8
Example: Stop Loss Order.....	8
Example: Limit Order.....	9
Calculating Profit and Loss.....	9
Margin FX Contracts.....	9
CFDs.....	9
Example: Profit from a CFD.....	9
The Platform.....	10
Trading hours.....	10
5. Key benefits of trading Margin FX Contracts	
and CFDs.....	10
General benefits.....	10
Market access.....	10
Trade in small amounts.....	10
Profit potential from market movements.....	11
6. Key risks of trading Margin FX Contracts	
and CFDs.....	11
Not trading on a formal exchange.....	11
Suitability risk.....	11
Volatility risk.....	11
Leverage risk.....	12
Example: Trading with leverage... ..	12
Market risk.....	12
Counterparty risk.....	13
System risk.....	13
Execution risk.....	13
Cryptocurrency Risk.....	14
Automated trading risk.....	14
Client money risk.....	15
Regulatory risk.....	15
Foreign exchange risks.....	15
7. Regulatory benchmark disclosure.....	16
8. Fees and Costs.....	19
Spreads.....	19
Example: Spread charge.....	19
Payment of Margin.....	19
Example: Margin payment.....	19
Contract roll fee.....	19
Swap Rates.....	19
Example 1: Swap Rates.....	19
Example 2: Swap Rates.....	20
Administration Fees (Swap Free only).....	20
Commissions.....	20
MetaTrader.....	20
cTrader.....	21
Example: Commissions – cTrader... ..	21
Pepperstone.....	21
Example: Commissions –	
Pepperstone.....	21
Index and equity CFD dividends.....	21
Index CFDs.....	21
Example: Index Dividends.....	21
Equity CFDs.....	21
Corporate actions.....	22
9. Conflicts of Interest.....	22
10. What to do if you have a complaint.....	22
11. General.....	23
Superannuation funds.....	23
Tax implications.....	23
AML requirements.....	23
Your privacy.....	24
Public Holidays.....	24
Out of Hours Trading.....	24
Communication.....	24
12. Words that we use in this PDS.....	24



1. Introduction

1.1 This Product Disclosure Statement (“PDS”) is provided to Retail Clients and sets out important information about the Margin FX and CFD products that we offer, to help you decide whether you want to trade with us.

1.2 The products covered by this PDS are provided by Pepperstone Group Limited, ACN 147 055 703 (“Pepperstone”, “we”, “us”, “our”).

1.3 This PDS is dated August 2023. The information in this PDS may change from time to time. If there are material changes, we’ll let you know in writing. You can also get a copy of the latest version of this PDS on our [website](#). If you have any questions or have some feedback on things we can do better, please get in touch with us using the details below.

1.4 Our contact details are:

Pepperstone Group Limited

Level 16, Tower 1
727 Collins Street
Melbourne VIC 3008

Email: support@pepperstone.com

Call: 1300 033 375/+61 3 9020 0155

Live Chat: www.pepperstone.com

1.5 We’re an Australian financial services provider, licensed by ASIC under AFS Licence 414530. ASIC doesn’t endorse specific financial products or contracts, and its regulations apply to our Australian financial services activities only. Our products and this PDS aren’t intended for distribution in jurisdictions outside of Australia where to do so would be unlawful. If you don’t live in Australia, it’s your responsibility to make sure that there aren’t any laws or regulations in your jurisdiction that restrict you from trading with us.

1.6 Before you decide to trade with us it’s important that you read and understand:

- (a) this PDS - which provides you with the material information that you need to know about us and the products we offer;
- (b) our Terms and Conditions – which provide more detail about the exact trading terms that apply when you open an account with us; and
- (c) our Financial Services Guide - which provides you with information about the financial services we offer and the fees we charge.

1.7 The contents of this PDS is general information only and doesn’t take into account your personal situation, financial objectives or needs. It’s up to you to make sure the products that we offer suit your specific needs. You shouldn’t trade with us unless you understand the features and risks of the products that we offer. This means that you might need to seek independent advice before you start trading with us.

1.8 You should consider whether you meet our target market by viewing our Target Market Determination on our [website](#).

1.9 Trading leveraged derivative products like Margin FX Contracts and CFDs involves many risks and we strongly advise you to only trade with money that you can afford to lose.

1.10 **The key risks to keep in mind when you’re deciding whether to trade these types of products are:**

- (a) the products that we offer are leveraged products – so depositing a small amount of money will give you greater exposure to an Underlying Asset;
- (b) the markets you’re exposed to can be very volatile (i.e. they can move up and down in value quite quickly) and hard to predict;

- (c) you won't own or have any rights in the Underlying Asset when you invest in a product based on that asset (for example a CFD based on Apple US shares doesn't mean you own Apple shares);
- (d) it's possible for you to lose the money that you've deposited into your Account if the market moves against your open Contracts. We'll provide you with Negative Balance Protection which limits your maximum losses (including any costs that you incur) to the value of your Account equity, preventing your Account from going into deficit or negative balance; and
- (e) if you don't have enough money in your Account to support an open Contract, you may be Closed-Out of that Contract before you're ready.

1.11 We explain these and other risks in more detail in section 6 of this PDS.

1.12 Under the Corporations Act and associated regulations, you will be classified as a Retail Client unless you satisfy one of the requirements to be classified as a Wholesale Client and you apply to us to be so categorised. We will notify you of our decision and of your classification in writing. This PDS doesn't apply to you if you're classified as a Wholesale Client. You'll need to refer to the Wholesale Client Information Statement which can be found on our [website](#).

2. About our products

- 2.1 We offer Margin FX Contracts and CFDs, which are OTC derivatives. OTC derivatives aren't traded directly on an exchange or a regulated market.
- 2.2 Trading OTC derivatives allows you to make a profit or loss based on changes in the price or value of an Underlying Asset. When you trade OTC derivatives, your Contracts are cash adjusted or Closed-Out in compliance with our Agreements. You don't take physical delivery of the Underlying Asset (e.g.

you don't get voting rights in shares) and there's no exchange of one currency or Underlying Asset for another.

What is Margin FX?

2.3 A Margin FX Contract is a leveraged OTC derivative Contract that allows you to try and make a profit by speculating on the value of one currency compared to another. Margin FX Contracts are leveraged products because to purchase one, you only need to deposit a fraction of the Contract's total value in your Account as collateral (or Margin), rather than paying the full value of the currency.

2.4 There are two currencies represented in every quote for a Margin FX Contract, a "**base currency**" against another currency, known as the "**term currency**". For example, the price of the Australian dollar in terms of the US dollar.

Example: Base and term currencies

The Australian dollar ("AUD") as against the US dollar ("USD") is AUD/USD 0.70000, this means that one Australian dollar is equal to, or can be exchanged for, 70 US cents.

What is a CFD?

- 2.5 A CFD is another type of OTC derivative Contract which derives its value from the value of an Underlying Asset – for example, the price of a share, a market index or a particular commodity.
- 2.6 We offer a number of different types of CFDs, including CFDs based on indices, shares, precious metals, energy, soft commodities and Cryptocurrencies. For a full list of the CFDs that we offer, please visit our [website](#).
- 2.7 CFDs can be traded in many currencies, not just AUD, so you should check the CFD description within the Platform before you trade.

- 2.8 When you trade CFDs, you're taking a position on the change in value of the relevant Underlying Asset over time. In other words, you're speculating on whether the value of the Underlying Asset is going to rise or fall in the future, compared to when you opened (or executed) your Contract. Like Margin FX Contracts, you don't own or have any rights in the Underlying Asset associated with a particular CFD.
- 2.9 The amount of profit or loss that you experience when you trade a CFD will be the difference between the price when you open the Contract and the price when it's Closed-Out (adjusted to reflect holding costs, where these apply). If the value of the CFD has moved in your favour, we'll pay money into your Account. If it moves against you, we'll deduct money from your Account.
- 2.10 While you have open Contracts, you may also attract financing costs or Swap Charges after each rollover (5pm New York time). The costs you'll incur depends on the Underlying Asset that you're trading and are subject to change. We explain our fees and other costs in more detail in section 8 of this PDS.

CFDs over Underlying Assets with set expiry dates

- 2.11 Some CFDs will be over Underlying Assets that have set expiry dates.
- 2.12 Once the relevant Underlying Asset has expired, your Contract will be automatically "rolled over" to a new one. We'll either debit or credit your Account with the price difference between the two contracts, in one of these ways:

The price of your new Contract relative to your expired Contract	Status of your expired Contract at the time of expiry	Adjustment we'll apply to your Account
A higher price/premium	Long	Debit (Rollover Charge)
	Short	Credit (Rollover Benefit)
A lower price/discount	Long	Credit (Rollover Benefit)
	Short	Debit (Rollover Charge)

- 2.13 Open Contracts will be rolled over indefinitely until they're Closed-Out.

Example: Rollover adjustment

*You've bought 2 lots of a cocoa CFD which expires. The last traded bid price for the underlying futures Contract is \$2,924 USD and the next front running bid price is \$2,914 USD. This means that we'll credit your Account \$7 USD, calculated as follows:
 (Expired Contract Bid Price – New Front Month Bid Price) – Average Spread = (2924 – 2914) – 3 = \$7 USD.*

3. Appropriateness

- 3.1 If we assess that you may not be suitable for trading with us, we may, at our discretion, exercise our rights to terminate our agreement with you. See Section 16 of our Terms and Conditions for more information.

4. Trading with us

What happens when you trade?

- 4.1 Contracts are also known as positions. You open a Contract by either buying (“going long”) or selling (“going short”) a Margin FX Contract or CFD:
- (a) you go “long” when you buy a Margin FX Contract or CFD in the expectation that there’ll be an increase in value of the Underlying Asset, which will result in an increase in the price of the Margin FX Contract or CFD; and
 - (b) you go “short” when you sell a Margin FX Contract or CFD in the expectation that there’ll be a decrease in the value of the Underlying Asset, which will result in a fall in the price of the base currency of the Margin FX Contract or CFD.
- 4.2 A Contract is open until it’s Closed-Out. We calculate the amount of profit or loss to you when your Contract is Closed-Out. You can instruct us to Close-Out your Contract and we can also exercise our right to Close-Out your Contract under the Agreements.
- 4.3 There are no cooling-off arrangements for Margin FX Contracts and CFDs. This means that once we execute your Order, you don’t have the right to return the Contract or ask for a refund of the money you’ve paid to buy the Contract.

Margin

Margin Obligations

- 4.4 You must meet our Margin requirement to trade Margin FX Contracts and CFDs with us. This means that you’ll need to deposit money into your Account as Margin.

- 4.5 As set out by ASIC, the maximum retail leverage and corresponding Margin requirement for our products are:
- (a) 30:1 for a Major Currency Pair - 3.33% of the notional value;
 - (b) 20:1 for a Minor Currency Pair, gold or a Major Stock Market Index - 5% of the notional value;
 - (c) 10:1 for a commodity (other than gold) or a Minor Stock Market Index - 10% of the notional value;
 - (d) 2:1 for crypto-assets - 50% of the notional value;
 - (e) 5:1 for shares or other assets - 20% of the notional value.
- 4.6 Our Margin requirement falls into two categories - Initial Margin and Continuing Margin:
- (a) **Initial Margin** is the deposit we require from you when you open a Contract; and
 - (b) **Continuing Margin** is the money you need to pay us to ensure that your Account balance is enough to keep your Contract open, taking into account all realised and/or unrealised profits and losses (“P&L”) on your Account for all of your open Transactions.
- 4.7 You need to deposit Initial Margin into your Account in full before your Contract can be opened. The amount of Initial Margin that we’ll require will depend on the Contract you’re trading, market exposure, and the volatility of the market at the time. In times of increased volatility, the risk of trading a particular product also increases. During these times we may require you to deposit more Initial Margin in your Account to help protect both you and us from the additional risk. You should refer to the Initial Margin schedule within the Platform to confirm the Initial Margin required for the particular Contract that you want to open.



- 4.8 You're required to keep enough money in your Account to meet our Margin requirement for as long as your Contract is open.
- 4.9 When the market moves against you, and if your equity falls below your Margin requirement we'll require you to cover the adverse price movement by depositing more money in your Account as Continuing Margin. We'll also credit Continuing Margin to you when a Contract moves in your favour.
- 4.10 We'll let you know when we need you to deposit Continuing Margin in your Account by making a Margin Call via the Platform. Margin Calls are made on a net Account basis i.e. if you have several Contracts open under one trading Account, then Margin Calls are netted across all of your open Contracts under that Account. In other words, the unrealised profits of one of your open Contracts can be used or applied as Initial Margin or Continuing Margin for another Contract, provided those Contracts are under the same Account.

Example: Margin requirement

You've opened a buy Contract on AUD/USD for 1 lot. You've selected 30:1 leverage, so your Initial Margin requirement on this Contract is approximately \$3,333 AUD (100,000 / 30 = \$3,333 AUD).

- 4.11 It's important that you monitor this and ensure that you've got enough money in your Account as Margin to cover market movements, so that your Contract can stay open during periods of volatility.

Knowing your Margin Requirement

- 4.12 We'll make Margin Calls to you via the Platform.
- 4.13 While we'll do our best to get in touch with you when your Account is approaching or has reached a Margin Call, we can't guarantee that this will

happen in every case. Market movements may be too great and your Contract may have already reached an Order Close-Out level before your Margin Call is made.

- 4.14 For this reason, you're responsible for ensuring that you meet your Margin requirement and are aware of any Margin Calls. You're also responsible for ensuring that you're up to date with any changes to your Margin requirement, which can vary in times of high volatility or because of upcoming market events. You can do this by regularly logging into the Platform to actively monitor and manage your open Contracts and check for Margin Calls and any Margin changes.
- 4.15 We operate Margin Call and Margin stop-out systems designed to minimise your losses and to take action before the market moves further against your open Contracts.
- 4.16 Each type of Platform that we offer has a different Margin Call and stop-out system.
- 4.17 There may be differences between the way Margin is calculated on an Account basis between the Platforms. Before using any of the Platforms, we recommend that you make yourself aware of the specific Margin requirement by visiting the relevant website for the Platform.
- 4.18 Each trading Platform we offer has its own Margin Call notification system. We encourage you to review all options open to you in terms of how those systems work or reach out to us at support@pepperstone.com for more information.

Meeting Margin Calls

- 4.19 When we make a Margin Call you must immediately deposit the requested money into your Account.

- 4.20 We hold and manage any money that we receive from you in compliance with the Corporations Act and our Agreements.

MetaTrader 4 and MetaTrader 5

- 4.21 If your Account equity falls below the Margin requirement for any one of your Accounts, the MetaTrader 4/MetaTrader 5 Platform will automatically trigger a Margin Call at 90% of Margin requirement. A Margin Call will be displayed via the Platform and the area that displays your Account balance and equity will flash red.

cTrader

- 4.22 If your Account equity falls below the Margin requirement for any one of your Accounts, the cTrader Platform will automatically trigger a Margin Call at 99% of Margin requirement. The Platform will send you an internal email to inform you of the Margin Call, providing an audible notification.

Pepperstone

- 4.23 If your Account equity falls below the Margin requirement for any one of your Accounts, the app and Webtrader will automatically trigger a Margin notification under 150% and a Margin Call will occur below 100% of the Margin requirement. A Margin Call will be displayed via the Platform in the area that displays your Account balance. The equity may flash red.
- 4.24 If your Account equity falls below the Margin requirement while you're on Margin Call, our automated Close-Out system or our support team may, at their discretion, delete working Orders, partially Close-Out or Close-Out some or all of your Contracts to reduce your Margin requirement until it's fully covered by your Account equity.
- 4.25 Any open Contracts are deemed to be at risk of being Closed-Out as soon as your Account enters into a Margin Call.

IMPORTANT: what happens when you don't meet a Margin Call

- 4.25 If you fail to meet any Margin Call then we may decide to Close-Out some or all of your open Contracts and deduct the resulting realised loss from any excess money in your Account. We can do this at our discretion, without giving you notice.
- 4.26 When your Account equity falls below 50% of the Margin requirement then we will automatically Close-Out some or all of your open Contracts and deduct the resulting realised loss from any excess money in your Account. We can do this at our discretion, without giving you notice.
- 4.27 The Close-Out process is designed to minimise your losses and to take action before the market moves further against your open Contracts. It's in your interest to ensure that you have enough cleared funds deposited in your Account to meet your changing Margin requirement i.e. deposit more money in addition to meeting the Margin requirement as a buffer against any adverse Continuing Margins that arise, to avoid your Contracts being Closed-Out.

Stop Loss Orders and Limit Orders

- 4.28 You can place a Stop Loss or a Limit Order within the Platform, but we can't guarantee that these mechanisms will be effective. This is because markets can be volatile and unforeseen events can occur which may result in your Stop Loss or Limit Loss Orders not being accepted, or instead activating at a next available price that's worse than the price you originally set.

Example: Stop Loss Order

You speculate that the price of US30 will decrease and you only want to lose \$200 USD if

you're incorrect. To try and limit your risk you can open a 1 lot Contract at the price of \$19,871 USD and set the Stop Loss Order at \$20,071 USD (i.e. 19871 + 200).

The price of US30 doesn't fall as you thought it would, but continues to appreciate. The market moves rapidly at the time of closing, meaning that your Stop Loss Order isn't accepted at your set price of \$20,071 USD and is instead closed at \$20,074 USD. As a result, you incurred a loss of \$203 USD - \$3 more than your \$200 maximum.

Example: Limit Order

You speculate that the price of AUD/USD will decrease after hitting parity with the USD. Instead of waiting for the market to reach this price, you place a 'sell' Limit Order at 1.00000 AUD/USD. This Order will trigger a sell trade once the price of AUD/USD reaches 1.00000 or higher.

The price of AUD/USD immediately changes from 0.99980 to 1.00050. The price movement triggers your sale trade, and you receive a fill price of 1.00050 instead of 1.00000.

Calculating Profit and Loss

Margin FX Contracts

- 4.29 The profit or loss from a Margin FX Contract is calculated by keeping the units of the base currency constant and working out the difference in the number of units of the term currency.
- 4.30 The profit or loss that you make on a Margin FX Contract will be the net of:
- (a) the difference between the prices that you bought and sold the Margin FX Contract for;
 - (b) the costs of daily financing or swaps (including any Swap Charges or Swap Benefit relating to the Margin FX Contract);
 - (c) any commission charges relating to the Margin FX Contract; and

- (d) any other fees or benefits relating to the Margin FX Contract.

CFDs

- 4.31 The profit or loss that you make on a CFD will be the net of:
- (e) the difference between the prices that you bought and sold the CFD for;
 - (f) the costs of daily financing or swaps (including any Swap Charges or Swap Benefit relating to the CFD);
 - (g) any Rollover Charges or Rollover Benefits relating to the CFD;
 - (h) any commission charges relating to the CFD; and
 - (i) any other fees or benefits relating to the CFD.

Example: Profit from a CFD

The AUS200 index CFD is currently trading at a price of 5464. You expect that the index will rise by 20 points during the week, so you buy one Contract of AUS200 at 5464.

Four days later the AUS200 index has risen to a price of 5484 as you expected, meaning you made a profit. You Close-Out the Contract to take your profits by selling the Contract of AUS200 at 5484.

Your profit from this trade is calculated from these factors:

- the difference between the prices that you bought and sold the Contract for: $5484 - 5464 = 20$ points. One Contract has a fixed value per point \$1 AUD, so this equates to $20 * 1 = \$20$ AUD
- the cost of daily financing or swaps: Benchmark interest rate of 2.0% + 2.5% = 4.5% (the benchmark interest rate is the relevant 1 month interbank rate for the currency of the Contract) Swap Charges: $[5464 * (0.045/365)] * 4 = \2.69 AUD

The net profit you've made on this trade is: 20 – 2.69 = \$17.31 AUD

- 4.32 Please refer to section 8 of this PDS for more information on our fees and costs, as well as our [Terms and Conditions](#) for the specific terms that govern your trading relationship with us.

The Platform

- 4.33 You can trade our products by opening and Closing-Out Contracts using our online Platform, which means any of these systems:
- (j) MetaTrader 4 and MetaTrader 5 - provided by MetaQuotes. Please visit www.metaquotes.net for relevant information on how to use these systems.
 - (k) cTrader - provided by Spotware. Please visit www.spotware.com for relevant information on how to use this system.
 - (l) Pepperstone Mobile App and Webtrader - provided by Pepperstone. Please visit www.pepperstone.com/en-au for relevant information on how to use this system.

- 4.34 We source some Platform's from third party providers, so we're relying on them to ensure that the relevant systems and procedures are regularly updated and maintained.

- 4.35 We recommend that you open a "demo" Account on your chosen Platform and practice trading in a simulated environment before you engage in "live trading". This will help you to become familiar with the features and functionality of the Platform that you're using.

Trading hours

- 4.36 The Platform opens on Sunday at 5.01pm New York (EST) time and

closes at 4:55pm New York (EST) time Friday. You can view live prices and place live Orders during these hours except during rollover from 4:59 pm to 5:01pm New York time, when trading is disabled. You can still access the Platform and view your Account, market information, research and our other services outside of these hours, but you won't be able to trade or access any live prices.

- 4.37 We'll provide services to you outside of these hours at our sole discretion. Trading times for each Contract may vary within these times, please check our [website](#) for further information on trading sessions for your Contract.

5. Key benefits of trading Margin FX Contracts and CFDs

General benefits

- 5.1 Margin FX and CFDs are useful products when you want to:
- (a) hedge risks from your other investments; or
 - (b) speculate on market movements.

Market access

- 5.2 The products that we offer allow you to gain exposure to an Underlying Asset without actually having to purchase it. This enables you to invest in particular products or a group of products that you might not otherwise be able to access easily or in one place.

Trade in small amounts

- 5.3 The products that we offer are leveraged products, so you only have to deposit a small amount of money in

your Account as Margin to get a large exposure.

Profit potential from market movements

- 5.4 Because entering into a Margin FX Contract involves trading one currency against another, you have the ability to make money when you think one particular currency is going to drop.
- 5.5 You also have the ability to both buy and sell CFDs and benefit from the movement of those markets in either direction. For example, if you think a particular stock index will fall, you might choose to sell a stock index CFD and benefit from the fall in the price of that index.

6. Key risks of trading Margin FX Contracts and CFDs

Not trading on a formal exchange

- 6.1 Trading with us is different to trading on a formal exchange. Unlike the Australian Securities Exchange and other exchanges, there's no clearing house for Margin FX Contracts and CFDs, and the performance of a CFD and/or Margin FX Contract by us isn't "guaranteed" by an exchange or clearing house.
- 6.2 You're also not buying the Underlying Asset (like a share or the currency), you're investing in an interest in that Underlying Asset.

Suitability risk

- 6.3 The products that we offer are high risk and can be complex to understand. It's critical that you consider your own

current circumstances to make sure that these products are suitable for you. If you don't understand the key features and risks of the products that we offer, you should seek independent financial advice before you start trading with us.

Volatility risk

- 6.4 Margin FX and CFDs are derivatives. Derivative markets generally can be highly volatile (i.e. they move up and down in value quite quickly) so the risk that you'll incur losses when you trade in derivatives Contracts can be substantial.
- 6.5 High volatility means the markets can be very difficult to predict. This means that you shouldn't consider any Contract offered by us or any other financial services provider to be a "safe" trade.
- 6.6 If the market moves against you, you can find yourself in a position where the money you have on deposit in your Account isn't enough to maintain your Contract, and you'll be required to immediately deposit additional money as Margin to keep your Contract Open i.e. to "top up" your Account. If you don't pay the additional money when we require you to, and your Margin drops below 50% of the Margin required to maintain your current Open Contracts, we are required to Close-Out your Contracts.
- 6.7 In times of extreme volatility, pricing of Contracts can be impacted as the source of that pricing (liquidity) dries up. This can mean, for example:
 - (a) the market "gaps" and jumps past the price that you want or expect;
 - (b) the underlying bid/ask spread widens (i.e. the gap between the buy and sell price is wider); and
 - (c) you could even find it difficult to obtain a price for particular Contracts.

- 6.8 We pass on any pricing re-quotes directly to you, without any bias towards the direction the pricing has moved in.
- 6.9 Highly volatile market conditions can make it difficult for us to execute Orders at the given price, due to an extremely high volume of Orders and/or available liquidity. By the time we're able to execute Orders, the Bid/Offer price may be reset. This may mean that certain Orders at this time are rejected.
- 6.10 Hanging Orders can also occur during periods of high volume. A Hanging Order is when an Order sits in the "orders" window of the Platform after it's been executed. Generally, the Order has been executed, but it's simply taking a few moments for it to be confirmed. During periods of particularly heavy volume, it's possible for a queue of Orders to form, and the increase in incoming Orders can sometimes create a delay in confirming certain Orders.

Leverage risk

- 6.11 You can trade Margin FX Contracts and CFDs with a high degree of leverage because of the small Margin requirement. Trading with leverage means that even a slight change in the market could lead to a proportionately much larger movement in the value of your investment.

Example: Trading with leverage

EUR/USD is trading at 1.12000 and your Account equity is €10,000 EUR. You believe that the price of EUR/USD will fall, so you sell 1 lot (100,000 EUR) of EUR/USD at 1.12000. Leverage on this trade relative to your Account equity is 10:1, in other words the size of your trade is 10 times larger than your Account equity. Your losses won't be limited by your equity and you could lose more than the leveraged amount that you traded.

Five days later the price of the EUR/USD has risen to 1.12500 and you choose to close your

*Contract at this price by buying 1 lot (100,000 EUR) of EUR/USD at 1.12500. The net movement for EUR/USD has been 0.44%: $(1.12500 - 1.12000) / 1.12000 * 100 = 0.44\%$.*

Because you traded using 10: 1 leverage, the loss you incurred from the price movement of EUR/USD is amplified by 10 times.

*Your loss on this trade, ignoring any other fees and charges, is €444.44 EUR at the time the trade is closed: $100,000 * 0.00500 = \$500$ USD or $500 / 1.12500 = €444.44$ or an equity loss of 4.44% on your Account: $444.44 / 10,000 * 100$.*

Market risk

- 6.12 Markets for currency and other Underlying Assets can be influenced by a number of things, including:
- (a) interest rate fluctuations;
 - (b) changes in asset valuations; and
 - (c) suspensions in trading in the Underlying Market, Underlying Asset or reduced liquidity in the financial products.
- 6.13 These influences reflect unforeseen events or changes in conditions and are very hard to predict. They inevitably result in rapid price fluctuations and market volatility.
- 6.14 For this reason, it's important that you closely monitor your open Contracts and the relevant markets at all times.
- 6.15 While you have the ability to hedge your risk when you trade with us (in that you can hold both buy and sell positions in the same or similar Contract at the same time), hedged Contracts still carry risk. You will be charged interest on both sides of the Contract and you can incur losses because of rollover costs, exchange rate fluctuations or widening spreads. These losses could also trigger a Margin Call.

Counterparty risk

- 6.16 We're the issuer of every derivative Contract that we offer and the counterparty to each trade. We also manage the Platform that handles your trading activity. For this reason, we're the main counterparty that you're exposed to.
- 6.17 To help you consider this risk, please note that we take our legal and regulatory compliance obligations very seriously. We have many policies, systems and processes in place to monitor our business practices and ensure that we remain compliant with our various regulatory obligations. These obligations include holding adequate financial resources to provide financial services, dealing with any potential or actual conflicts of interest, handling client money, monitoring and dealing with various risks we may be exposed to and having comprehensive record keeping and reporting processes.
- 6.18 We also have a robust counterparty assessment process in place to ensure that we're not vulnerable to third parties that we use, including our Liquidity Providers, when providing our products and services to you.

System risk

- 6.19 We run an online Platform in an environment (the internet) that by nature can't be guaranteed. This means there may be issues with you placing Orders or with your Contracts being executed due to internet, system or network issues on your end. Because we can't promise that the internet will work error-free, we can't accept liability for the risks associated with the operation of our Platform. For this reason, you need to be mindful that Platform risks are inherent in every Contract that you trade with us.
- 6.20 For example, a technical issue with your internet connection to our servers, may result in a Hanging Order and a

delay in executing your Contract. A disturbance in the connection path can sometimes interrupt the signal and disable the Platform, causing delays in transmission of data between the Platform and our servers.

- 6.21 Disruptions to our operational processes such as communications, computers, computer networks, software or external events could also lead to delays in the execution and settlement of your Contract, meaning that you might be unable to trade in a particular Contract that we offer and you could suffer a financial loss or opportunity loss as a result.
- 6.22 If you experience a disruption to the Platform, please call our support team on +61 3 9020 0155 as soon as possible to open\Close-Out your Contracts.

Execution risk

- 6.23 We aim to provide you with the best pricing available and to fill all Orders at the rate you've requested. But there are times when Orders may be subject to what's known as "slippage", because of an increase in volatility or volume. This happens most often during fundamental news events or "gapping" in the markets, which create conditions where Orders are difficult to execute because of extreme price movements.
- 6.24 The execution of your Order always depends on the liquidity that's available at all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity may be exhausted, in which case your Order would be filled at the next best price or the fair market value.
- 6.25 When you're considering executing an Order, please be mindful that all Contracts that you have open at 23:59 (server time) will be subject to rollover. Your Contracts will be rolled over by debiting or crediting your Account with a Rollover Charge or Rollover Benefit (as set out in section 2.12). During the

rollover period, trading may be disabled for 2 to 5 minutes and there may be widened spreads as liquidity reduces, which could cause you to experience losses or gains. We're not liable for any losses that you incur during the rollover period.

(b) there may be substantial price volatility around the event. We may suspend trading throughout if we don't have reliable prices from the Underlying Market.

Cryptocurrency Risk

6.26 CFDs are high risk investment products, which are volatile, creating opportunity for high financial returns or losses. Cryptocurrencies are also high risk instruments and their value can fluctuate significantly. Cryptocurrencies are also subject to technology risks. If you choose to invest in Cryptocurrency CFDs, you do so acknowledging that these instruments are much more volatile than traditional currencies, so sharp and sudden moves in the price could see you lose significant amounts of money very quickly.

6.27 We base the price of our Cryptocurrency Contracts on the Underlying Market, made available to us by the exchanges and Liquidity Providers that we trade with.

6.28 When you trade CFDs on Cryptocurrencies, you need to be aware of the risk of a "hard fork" occurring. A hard fork is when a single Cryptocurrency splits in two due to a split in the blockchain network (ledger of Cryptocurrency transactions) and occurs when a Cryptocurrency's existing code is changed. This can result in both an old and new version of the particular Cryptocurrency.

6.29 In the event of a hard fork:

(a) we'll generally follow the blockchain that has the majority consensus of Cryptocurrency users. We reserve the right to determine which blockchain and Cryptocurrency unit has the majority consensus behind them and use this as a basis for Cryptocurrency Contracts; and

6.30 If the hard fork results in a variable second Cryptocurrency becoming tradable on exchanges we have access to then, in our absolute discretion, we may create an equivalent Contract or cash adjustment on your Account to reflect its value. When a hard fork occurs,

6.31 We'll attempt to notify you of potential hard forks, but it's your responsibility to make yourself aware of the hard forks that could occur.

6.32 Due to the volatile nature of Cryptocurrencies, where there is an event of a consensus among the exchanges and the instrument is no longer offered, we can delist the instrument in short notice.

6.33 We may enforce a limit on the total amount of Cryptocurrency exposure that you're allowed to maintain. This information is available on our [website](#), or from our Support team on request to support@pepperstone.com. We reserve the right to reduce or close your Cryptocurrency positions if your notional exposure size exceeds this limit.

Automated trading risk

6.34 While you're able to connect to and use third party trading tools and systems with the Platform (such as automated trading strategies/expert advisors, copy traders and robot traders), using these tools and systems is high risk and could lead to you incurring significant financial losses.

6.35 We don't have any control over the logic or code that these third party providers use when developing their tools and systems and we're not responsible or liable for their operation in connection with the Platform.

- 6.36 We don't endorse any third party provider and you should take steps to ensure that any third party tools or systems that you use to trade with us have been developed by reputable providers that, where relevant, are appropriately licensed or permitted to provide the relevant services to you.
- 6.37 Your use of automated trading strategies such as EAs is solely at our discretion. We reserve the right to restrict access to your Account by automated trading strategies where we consider that the level of activity or server messages generated is unreasonable, relative to your trading activities.
- 6.38 This may require us to temporarily change the password to your Account until the automated strategy or EA is modified or deactivated. We'll attempt to contact you before taking this action but we reserve the right to change your password immediately to support the proper functioning of our servers.

Client money risk

- 6.39 Because we're an issuer of financial products, we'll hold your money and other Client Money as part of the financial service we provide to you and other clients.
- 6.40 Any money that you deposit with us for trading will be held in a trust account that we maintain with an Authorised Deposit Taking Institution in compliance with the Australian Client Money Rules and ASIC Regulatory Guide 212: Client Money Relating in OTC Derivatives.
- 6.41 Your money may be co-mingled into one or more trust accounts with other Client Money, which is also held on trust.
- 6.42 We don't use Client Money for meeting our hedging obligations with our Liquidity Providers, or for meeting trading obligations with other clients. We fund any obligations regarding

these transactions from our own money.

- 6.43 We hold Client Money separately from our own operational money and we don't deposit our operational money into our Client Money trust account. We periodically remove any money from the trust account that becomes ours as a result of trading, to ensure that our operational money doesn't become mixed with Client Money.
- 6.44 We'll only withdraw your Client Money from our trust account to:
- (a) process a withdrawal for you;
 - (b) withdraw fees charged as part of a deposit or withdrawal transaction;
 - (c) pay money to us that we're entitled to as a result of you trading with us; and
 - (d) make a payment that's otherwise permitted by law or in compliance with the operating rules of a licensed market.

- 6.45 You should be aware that we're solely entitled to any interest or earnings derived from Client Money being deposited in a trust account or invested in compliance with the Australian Client Money Rules.

Regulatory risk

- 6.46 Changes to Australian law, government, fiscal, monetary, and regulatory policies may have a material adverse effect on your dealings in Margin FX Contracts and CFDs.
- 6.47 We'll do our best to let you know whenever a change in legislation will impact the way that you deal with us.

Foreign exchange risks

- 6.48 If you're trading in a product that is denominated in a currency other than the currency of your trading account,



you'll be impacted by foreign exchange movements.

7. Regulatory benchmark disclosure

- 7.1 In addition to the information we've provided in section 6, ASIC has developed 7 disclosure benchmarks for OTC derivatives that help retail investors understand the risks associated with Margin FX Contracts and CFDs, assess their potential risks and decide whether trading Margin FX Contracts or CFDs is suitable for them. These requirements are contained in RG 227.
- 7.2 The table on the next page sets out which RG227 benchmarks we meet and how we meet them.



ASIC RG227 Benchmark	Do we meet it?	Description
<p>Client Qualification</p> <p>Addresses the issuer's policy on investors' qualification for trading.</p>	Yes	<p>We try to ensure that our products are only distributed to investors who have suitable levels of knowledge and experience to trade them.</p> <p>We have a written policy which sets out the Account opening process and the minimum level of knowledge and experience that you'll need to have before you can open an Account with us. We update this policy from time to time to improve its effectiveness.</p> <p>Before you're able to trade, you'll need to complete a suitability test, which asks for information about your trading knowledge and experience. You may also need to complete an appropriateness test which contains questions about some of the key features and risks of the products that we offer. If you fail the appropriateness test, you won't be able to retake the test for a period of time.</p> <p>Even though we ask some general questions about your experience and financial capacity, keep in mind that we don't provide personal advice, so we're not considering whether the products we offer are suitable for you based on your specific circumstances.</p> <p>We offer "demo" accounts which we strongly encourage you to use before you open a "live" Account. We also have education information freely available on our website to help you improve your understanding of the products we offer.</p> <p>We also do our best to explain many of the risks that you need to be aware of when you trade with us, before you open an Account.</p> <p>Once you have an Account with us, we'll continue to provide you with information about upcoming market events so that you're up to date with matters that may be relevant to your trading decisions.</p> <p>If you need more information, please contact our support team at support@pepperstone.com.</p>
<p>Opening Collateral</p> <p>Addresses the issuer's policy on the types of assets accepted from investors as opening collateral.</p>	No	<p>We offer a range of payment methods that don't involve the use of borrowed funds such as Poli, bank transfer, and BPAY. You can view the payment methods that are available to you within the 'Funds' section of our Secure Client Area.</p> <p>The benchmark suggests that we should accept a limit of \$1,000 for opening payments made by credit cards. We don't comply with this aspect of the benchmark because we accept credit card payments for more than \$1,000 as initial funding, so that we can provide you with flexible payment options.</p> <p>Borrowing to fund leveraged products carries with it a high degree of risk, given the volatility of financial markets. You may not be able to service your repayments or your Account if the market moves against you. If you don't have enough money in your bank account to start trading in leveraged products, you may not be able to cover future losses.</p>



<p>Counterparty Risk – Hedging</p> <p>Addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging.</p>	<p>Yes</p>	<p>We have a policy in place to manage our exposure to market risk from your Contracts. This policy sets out the names of our hedging counterparties/Liquidity Providers and the factors we take into account when deciding if they're of good standing. This policy is available in the 'Legal Documents' section of our website.</p>
<p>Counterparty Risk Financial Resources</p> <p>Addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements.</p>	<p>Yes</p>	<p>We have a policy in place to ensure that we maintain adequate financial resources and comply with the financial requirements of our AFS Licence.</p> <p>We're required to have our financial accounts audited at least annually. You can get a copy of the latest results of our financial audit process by contacting one of our representatives or via our support team at support@pepperstone.com.</p>
<p>Client Money</p> <p>Addresses the issuer's policy on its use of client money.</p>	<p>Yes</p>	<p>We have a well-defined Client Money Policy and we hold and use Client Money in compliance with the Australian Client Money Rules. Further information can be found in section 6 of this PDS.</p>
<p>Suspended or Halted Underlying Assets</p> <p>Addresses the issuer's practices regarding investor trading when trading in the underlying asset is suspended or halted.</p>	<p>Yes</p>	<p>There's no suspension or halting of the Underlying Market for Margin FX Contracts. In respect of all our other products, we don't allow new Contracts to be opened when the Underlying Market is halted or suspended.</p>
<p>Margin calls</p> <p>Addresses the issuer's practices in the event of client accounts entering into margin call.</p>	<p>Yes</p>	<p>We make Margin Calls through the Platform. It's your responsibility to monitor the Platform and the Margin available in your Account at all times while you have open Contracts with us.</p> <p>We have a policy in place for our Margin Call practices and our discretion to Close- Out Contracts.</p> <p>Further information can be found in section 4 of this PDS.</p>

8. Fees and Costs

- 8.1 We offer several different Accounts that feature different fees and costs.

Spreads

- 8.2 We may charge spreads (the difference between the bid and the ask price) on your trades. We'll charge this fee in the quote currency of the instrument that you're trading, which you can then convert into the base currency of your Account to determine your cost of trading.

Example: Spread charge

A 1 pip spread mark-up in EUR/USD is worth USD\$10. If you're trading on an AUD based Account, the cost for this trade would be USD\$10 converted into AUD at the spot rate.

Payment of Margin

- 8.3 Margin is the amount of money you need to deposit in your Account to open and maintain a Contract. The way that we calculate Margin varies based on the Contract you're trading and the leverage settings on your Account. We recommend that you check the specifications of your particular Contract in the Platform to understand the amount of Margin required.
- 8.4 For a Margin FX Contract, you can use this formula: $(\text{Contract Size} \times \text{Volume (in lots)}) / \text{Leverage} = \text{Margin required}$.
- 8.5 For your convenience, we have a Margin calculator available in your Secure Client Area, which you can access via this link:
<https://secure.pepperstone.com/tools/calculators>

Example: Margin payment

You want to open a Contract for 0.1 lots (1 lot = 100,000 base currency, so 0.1 lot = 10,000 base

currency) of EUR/USD with a leverage level of 30:1.

Your Margin requirement for this Contract is USD\$333.34: $(100,000 \times 0.1) / 30 = \text{USD\$333.34}$.

Contract roll fee

- 8.6 Certain instruments work on an ongoing basis and derive their prices from underlying futures contracts. Because futures contracts expire, when one futures contract ends, we need to change the underlying Contract that we derive our price from. To avoid profit and loss discrepancies, we'll issue a balance adjustment on your Account (either a Rollover Charge or Rollover Benefit) to take into account the difference in prices between the two Contracts as well as the cost of Closing-Out your original Contract and re-opening it in a new Contract. Please see section 2.12 for more information.

Swap Rates

- 8.7 Our Swap Rates on our instruments vary and the amount we charge depends on the funding costs of the Underlying Asset or Contract and the rates of our Liquidity Providers. Please check the Platform for the Swap Rates that may apply to your Contracts. Please note for the Pepperstone platform, this is only available on Webtrader and not on the mobile app.

Example 1: Swap Rates

If you have a long Australian Dollar / US Dollar (AUD/USD) Contract and hold it over the 5PM American EST time (Close of Business) and interest rates are higher in AUD than in USD, then we may pay you a Swap Benefit.

This is because you are long the highest yielding currency. On the other hand, if you were short AUD/USD in the above scenario then you may incur a Swap Charge at our Swap Rate.

In circumstances where the two interest rates are near parity (almost equal to each other), we

may impose a Swap Charge for both long and short open Contracts. A double negative Swap Rate implies that there's no interest advantage gained by borrowing in one currency to then invest in the other.

- 8.8 The Swap Rate that applies to your Contract may be tripled on a specific day depending on the traded symbol's underlying instrument. For example, if your Contract is based on FX or metals and is held on the Wednesday – Thursday Rollover the swap rate will be tripled. Because of the settlement structure within the spot market, trades that are open on Wednesday will be settled on the Monday after, so there's a need to account for interest earned / charged over this period.
- 8.9 Please check the symbol specifications within the Platform to see when the triple Swap Rate occurs, as this can vary based on the instrument that underlies your Contract. For the Pepperstone Platform, please use Webtrader to see when the triple Swap rate may occur.

Example 2: Swap Rates

A Contract for 1 lot of EUR/USD (long) with a EUR based Account has a swap of -8.54 (points).

1 lot has a pip value of 10 units of quote currency, so

8.54 points is equal to 8.54 units of quote currency on a 1 lot trade.

1 lot = 100,000 units of base currency, Swap rate = - 8.54, Number of nights = 1, Swap fee = $(10 \times -8.54 \times 1) / 10 = \-8.54 .

Administration Fees (Swap Free only)

- 8.10 Swap Free Accounts aren't charged or paid the usual Swap Charges or Swap Benefits that are associated with

Contracts held through the rollover period. Instead, if you have a Swap Free Account, you'll be charged an Administration Fee for Contracts that you hold beyond a certain period of time.

- 8.11 We set an Administration Fee for each product that we offer on a Swap Free Account on a per- lot open basis. The structure and amount of the Administration Fee varies depending on the Platform you're using, the Contract you're trading, the rates set by our Liquidity Providers and the currency that your Account is in. For more information on the Administration Fee that we charge for each product that we offer, please visit the Swap Free Account page on our [website](#).
- 8.12 The Administration Fee Interval is a period of days between the times that we'll charge you the relevant Administration Fee for your Contract. For each Administration Fee Interval that your Contract stays open, we'll deduct your Administration Fee from your Account. Your Administration Fee will be charged in proportion to the size of your open Contract.
- 8.13 We can change our Administration Fees and Administration Fee Intervals at any time, at our discretion.

Commissions

- 8.14 We may charge commissions on your Account, which will be reflected when you open a Contract.

MetaTrader

- 8.15 Our commission charges will vary based on the currency of your Account and will increase/decrease in proportion to the size of the Contract you're trading. For more information on our commission rates, please visit our [website](#) or refer to the commissions and charges information we have sent you.

Example: Commissions – MetaTrader

The commission charge for USD is USD3.50 (7.00 per round turn). If you have a USD denominated MetaTrader 4 Account and open a Contract of 2 lots of EUR/GBP, you would be charged USD14.00 to open the Contract (being USD7.00 x 2 lots).

cTrader

- 8.16 Our commissions on cTrader Accounts are a flat USD value which will be converted to your account base currency. For more information on our commission rates, please visit our [website](#) or refer to the commissions and charges information we have sent you.

Example: Commissions – cTrader

The commission charge for USD is USD3.00 (6.00 per round turn). If you're trading 100,000 of EUR/USD the commission charge will be USD\$3.00 to open the Contract and USD\$3.00 to Close-Out the Contract.

Pepperstone

- 8.17 Our commissions on Pepperstone Accounts are a flat USD value which will be converted to your account base currency. For more information on our commission rates, please visit our [website](#) or refer to the commissions and charges information we have sent you.

Example: Commissions – Pepperstone

The commission for USD is USD3.50 (7.00 per round turn). If you're trading 100,000 of EUR/USD the commission charge will be USD\$3.50 to open the Contract and USD\$3.50 to Close-Out the Contract.

Index and equity CFD dividends

Index CFDs

- 8.18 When an individual stock which is a constituent of a cash stock index goes ex-dividend, this will have a weighted effect on that cash index, known as the "index dividend". We'll credit long Contracts and debit short Contracts held in these markets with a cash adjustment on the ex-dividend date.
- 8.19 We calculate the rate applied as an "index dividend" in our absolute discretion. The rate that we'll calculate will reflect Underlying Market conditions.
- 8.20 Futures indices aren't affected as anticipated future dividends are already priced in to the market.

Example: Index Dividends

ANZ Bank has decided to issue a dividend which will have a weighted effect on the underlying cash index once ANZ trades on the ex-dividend date. We've calculated the overall impact to the underlying index as being 10.5 points.

If you're buying 1 lot AUS200, you'll receive \$10.5 AUD as a cash deposit in your Account. If you're selling 1 lot at AUS200, you'll be charged \$10.5 AUD.

Equity CFDs

- 8.21 When the stock that an equity CFD derives its pricing from goes ex-dividend, we'll credit long Contracts and debit short Contracts held on the relevant symbols.
- 8.22 We calculate the rate applied as an "equity dividend" in our absolute discretion. The rate that we'll calculate will reflect Underlying Market conditions and the value of any withholding tax amounts on the stock.

Corporate actions

- 8.23 We don't look to take advantage of corporate actions for profit purposes, and we'll always pass on adjustments made by our Liquidity Providers to you. In some cases, the treatment of corporate actions such as consolidations, rights issues, takeovers, stock splits and share distributions may be less advantageous than if you were holding the Underlying Asset.
- 8.24 In certain situations, we may ask you to make a decision about whether a corporate action should be reflected in your Account, before the ex-date.
- 8.25 When reflecting rights issues on limited risk Contracts, our aim will always be to reflect the same monetary equivalent of the previously risked amount, when taking into account the new ex-rights position.
- 8.26 We'll attempt to cancel relevant Orders on CFDs where a corporate action has taken place. We won't re-enter your Orders for you after a corporate action has taken place. It's your responsibility to re-enter working Orders once this has happened.

9. Conflicts of Interest

- 9.1 Trading with us carries unavoidable risk of conflict of interest because we're acting as principal in our transactions with you. Because of the nature of the financial products that we provide, we can sometimes have residual long or short Contracts as a result of total client volume in one particular direction.
- 9.2 We get our pricing from independent sources so the way that we work isn't designed to negatively impact you, even though we're on the other side of your trades.
- 9.3 We also have policies in place and actively monitor our employees' personal trading activities and their

interactions with clients, to ensure that they're not using information that we obtain in the process of operating our business or interacting with clients in an inappropriate way.

10. What to do if you have a complaint

- 10.1 We want to know about any problems or concerns that you have with our services so that we can take steps to resolve them. We have formal internal and external dispute resolution procedures to resolve complaints. You can ask for a copy of these procedures by emailing support@pepperstone.com.
- 10.2 We'll handle and investigate your complaint internally in the first instance. If you're not satisfied with the outcome, you've got the ability to escalate your concerns to an external body for a resolution.
- 10.3 If you have a complaint about the financial services that we've provided to you, please take these steps:

- (a) tell us about your complaint by phone, email or letter using the details below:

Mail: Pepperstone Group Limited
Level 16, Tower 1
727 Collins Street
Melbourne VIC 3008

Phone: 03 9020 0155

Email: support@pepperstone.com

- (b) if you're not satisfied with the outcome, you may refer your complaint to our Compliance Department by email to compliance.au@pepperstone.com
- (c) If our Compliance Department is unable to resolve the matter, and 30 days have elapsed since you made your complaint, you may refer the matter to the independent dispute resolution scheme, the

Australian Financial Complaints Authority (“**AFCA**”). Our AFCA membership number is 28689.

- (d) You can contact AFCA using these details:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3000.

- (e) You can also make a complaint and obtain information about your rights from ASIC. You can contact ASIC on 1300 300 630. This is a local call information line.

(b) the purpose of dealing in Margin FX Contracts or CFDs in the context of a complying superannuation fund’s investment strategy, as well as the fiduciary duties and other obligations owed by trustees of those funds;

(c) the need for you, as a trustee of a complying superannuation fund, to be familiar with the risks involved in dealing in Margin FX Contracts and CFD and the need to have adequate procedures in place to manage the risks associated in dealing in those Contracts; and

(d) the consequences, including adverse tax consequences, if a superannuation fund fails to meet the requirements for it to continue to hold complying status.

11. General

Superannuation funds

11.1 We discourage superannuation funds from investing in the types of products that we offer.

11.2 Superannuation funds are subject to many guidelines and restrictions regarding their investment activities which are contained in the *Superannuation Industry Supervision Act 1993*, the regulations made under that Act and circulars issued by past and present regulators of superannuation funds including the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office. Without being an exhaustive list, you should consider these issues if you’re the trustee of a complying superannuation fund:

- (a) the prohibitions on borrowing and charging assets and whether dealing in Margin FX Contract or CFDs would breach those prohibitions;

Tax implications

11.3 Trading our products can have tax implications, depending on the current tax laws and administration, whether you’re an individual or an entity (and your type of entity) for tax purposes, the terms of the Contracts you trade in and other circumstances.

11.4 The tax implications of your trading activities can be complex and will be specific to you. If you’re unsure of how your tax position will be impacted, we recommend that you speak with your tax advisor before you trade with us.

AML requirements

11.5 Sometimes we may need you to provide us with information, including identity documents, so that we can comply with AML Laws. By submitting an Application Form, opening an Account and trading with us, you agree to provide us with any information and assistance that we may need to comply with AML Laws.

11.6 We may pass on information that we’ve collected from you or about your trading activities to government

agencies and regulators in compliance with AML Laws or other applicable laws and regulations, without letting you know. We may also carry out anti-money laundering and other checks on you (including restricted lists, blocked people and countries lists) that we consider to be necessary or appropriate. We reserve the right to take any action regarding these checks without any liability to you.

- 11.7 You warrant that:
- (a) you're not aware, and have no reason to suspect, that the money you use to fund your Account has been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement; and
 - (b) the proceeds of your investment won't be used to finance any illegal activities.

Your privacy

- 11.8 Depending on the type of service that you ask for, we may ask you to provide certain personal information to us, either in writing or verbally, so that we can provide you with that service. For example, as a financial service provider, we have an obligation under the AML Laws to verify your identity and the source of your funds. We'll keep this information strictly confidential and use it only for the primary purpose of providing our services to you.
- 11.9 Your privacy is important to us and we're committed to compliance with the *Privacy Act 1988 (Cth)* and the Australian Privacy Principles in the way that we handle your personal information. For more information, please refer to our Privacy Policy under the 'Legal Documents' tab on our [website](#).

Public Holidays

- 11.10 We're not obliged to quote prices or accept Orders or instructions on a public holiday in any jurisdiction which, in our reasonable opinion, affects the relevant Underlying Markets.

Out of Hours Trading

- 11.11 Although we're open 24 hours a day, we're not obliged to quote prices or accept Orders or instructions for any markets, where Out of Hours Trading, applies during any time when the relevant exchange is closed for business. We'll designate the markets to which Out of Hours Trading applies on our website from time to time. It's your responsibility to monitor the Trading Hours of any Product that you wish to trade.

Communication

- 11.12 If you've been dealing with us in a language other than English, for example communicating with some of our foreign language speakers, then please note that we offer these services at our discretion and don't guarantee that they'll always be provided to you. There may be occasions where you must take action regarding your Account and a foreign language speaking representative isn't available.
- 11.13 English is the primary language in which we provide our Products and services and the binding language for all our contractual documents. You're responsible for monitoring your open Contracts and your Account at all times.

12. Words that we use in this PDS

"Account" means your trading account with us.



“Administration Fee” means the fee that we charge for Contracts held beyond a certain period of time on Swap Free Accounts, as set out in section 8 of this PDS.

“Administration Fee Interval” is the period of days between when we’ll charge you an Administration Fee on a Swap Free Account, as set out in section 8 of this PDS.

“AFS Licence” means Australian Financial Service Licence.

“Agreements” means this PDS, our Terms and Conditions, Application Form, Confirmations and any information on our Platform or website which governs our relationship with you.

“AML Laws” means our obligations under the Anti- Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1).

“Application Form” means the online form that you complete on our website to open an Account.

“ASIC” means the Australian Securities and Investments Commission.

“Australian Client Money Rules” means the rules set out in Part 7.8 of Division 2 of the Corporations Act.

“CFD” means a contract-for-difference, a type of OTC derivative product that we offer which is described in more detail in section 2 of this PDS.

“Client Money” means the money that you and our other clients deposit with us, which we hold in compliance with the Australian Client Money Rules.

“Close-Out” means the termination of part or all of a Contract in compliance with the Agreements.

“Continuing Margin” means the money you need to pay us to ensure your Account balance is enough to keep

your Contract open, taking into account all realised and/or unrealised P&L.

“Cryptocurrency” means a digital asset that’s subject to significant volatility and risks.

“Contract” means an OTC derivative Contract between you and us, which is an agreement to pay or receive the difference in value of an Underlying Asset.

“Corporations Act” means the *Corporations Act 2001 (Cth)*.

“Hanging Order” has the meaning given to it in section 6.10 of this PDS.

“Limit Order” means a pending Order to enter or Close- Out a Contract at a trigger price that’s either the same or better than the price that’s currently available in the market.

“Liquidity Provider” means a counterparty that we pass trades to, to manage our risk, also known as a hedging counterparty.

“Major Currency Pair” means any two of the Australian dollar, British pound, Canadian dollar, Euro, Japanese yen, Swiss franc and US dollar.

“Major Stock Market Index” means any of the CAC 40, DAX, Dow Jones Industrial Average, EURO STOXX 50 Index, FTSE 100, NASDAQ-100 Index, Nikkei Stock Average, S&P 500 and S&P/ASX 200.

“Margin” means the amount of money that you need to deposit into your Account to enter into or maintain a Contract with us under the Agreements, which varies depending on the Underlying Asset and other factors.

“Margin Call” means a notification sent to you, usually via the Platform, requesting you to top up the amount of money that you have in your Account as Margin.

“Margin FX Contract” means a leveraged foreign exchange Contract, a



type of OTC derivative product that we offer, which is described in more detail in section 2 of this PDS.

“Minor Currency Pair” means any currency pair that is not a Major Currency Pair.

“Minor Stock Market Index” means any Stock Market Index that is not a Major Stock Market Index.

“Order” means an offer that you make to enter into a Contract with us under the Agreements.

“OTC derivatives” means over-the-counter derivatives, which include Margin-FX Contracts and CFDs, as described in section 2 of this PDS.

“PDS” means this Product Disclosure Statement.

“Pepperstone”, “we” “us” and “our” means Pepperstone Group Limited, ACN 147 055 703, AFSL 414530.

“Pepperstone Platform” means Pepperstone’s proprietary trading platform accessible via a mobile app or over the internet (webtrader).

“Platform” means any online software that we make available to you for entering into Margin FX Contracts and CFDs under the Agreements including the Pepperstone Platform, described in more detail in section 3 of this PDS.

“Retail Client” has the same meaning given by sections 761G and 761GA of the Corporations Act.

“RG227” means ASIC Regulatory Guide 227.

“Rollover Charge” means a charge that you may incur on a future based CFD that you hold overnight, as described in sections 2 and 8 of this PDS.

“Rollover Benefit” means a benefit that you may receive on a future based CFD that you hold overnight, as described in sections 2 and 8 of this PDS.

“Stop Loss Order” means a pending order to exit a Contract if the set trigger price is reached.

“Swap Benefit” means a benefit that you could incur for holding a Contract through 5pm New York Time.

“Swap Charge” means a charge that you could incur for holding a Contract through 5pm New York Time.

“Swap Rate” means the rate at which we’ll apply a Swap Charge or Swap Benefit to you.

“Target Market Determination” means the target market determination made for the purposes of section 994B of the Corporations Act.

“Terms and Conditions” means the current version of our Terms and Conditions, which form part of our legal relationship with you, as available on our [website](#).

“Underlying Asset” means the instrument or asset that underlies your Order or Contract and determines the value of that Contract – for example a stock market index, commodity, currency pair, futures contract, equity, crypto currency or any other instrument or asset.

“Underlying Market” means the market in which an Underlying Asset is traded. For example, the Australian Securities Exchange.

“Wholesale Client” has the same meaning as under section 761G of the Corporations Act.

