



# FINANCIAL SERVICES GUIDE

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**Last Updated**

**June 2010**

## **FINANCIAL SERVICES GUIDE**

### **PURPOSE OF THIS FINANCIAL SERVICES GUIDE**

This Financial Services Guide (“FSG”) is issued by FXCM Australia Limited (“FXCM”). FXCM is a company incorporated in New Zealand and registered in Australia as a foreign company [ARBN 121 934 432]. FXCM holds an Australian Financial Services Licence [AFSL 309763] issued by the Australian Securities and Investments Commission (“ASIC”). The purpose of this FSG is to provide you with key information about the type of financial services that FXCM offers to ensure that you receive the information to assist you in making an informed decision about whether you wish to use the financial services that are offered by FXCM.

### **CONTENT OF THIS FSG**

The FXCM FSG contains important information about:

- What is FXCM Australia Limited;
- Who FXCM Acts For;
- FXCM Contact Information;
- Financial Services & Products FXCM is Authorised to Provide;
- Nature of Advice
- How to Instruct FXCM;
- Remuneration;
- Associations; and
- Dispute Resolution

For further detailed information about FXCM services and products please contact FXCM via email at [support@fxcm.com.au](mailto:support@fxcm.com.au) or the contact information provided below.

### **Additional Documents - Product Disclosure Statement (“PDS”) and Terms of Business**

Before you can open an account with us to trade FXCM products you must review and understand the FXCM PDS, Terms of Business, and this FSG (“FXCM Documents”). The PDS is provided to assist you in making an informed decision about all FXCM products. The PDS contains information about FXCM products, including risks and benefits, costs, fees and charges, how to trade in FXCM products, significant characteristics and features of FXCM products and tax considerations. The FXCM Documents are available on our website [www.fxcm.com.au](http://www.fxcm.com.au) or can be obtained by contacting us.

The FXCM Documents are important documents and should be read in their entirety in deciding whether to acquire or to continue to hold FXCM products. You should keep this FSG, the PDS and the Terms of Business, all other documents provided to you by FXCM and any updated information that is provided to you (“FXCM Documents”), for future reference.

## **What is FXCM Australia Limited?**

FXCM is a financial services company that is authorised to provide financial services in derivatives and foreign exchange contracts to retail and wholesale clients. FXCM provides its clients with direct access to various electronic trading platforms such as Trading Station II, MetaTrader 4, ActiveTrader, and the Forex System Selector to enable them to buy and sell Foreign Exchange Contracts (FX Contracts) and Contracts for Differences (CFDs).

## **Who FXCM Acts For**

FXCM is a market maker and the issuer of over-the-counter Fx Contracts and CFDs. FXCM does not act as your agent or broker in relation to transactions of FXCM products. FXCM acts as a principal, on its own behalf, when it provides financial services to you.

## **FXCM Australia Limited Contact Information**

You can contact us 24 hours a day, 7 days a week by

- calling us on 1800 109 751
- emailing us at [support@fxcm.com.au](mailto:support@fxcm.com.au)
- faxing us on 1800 195 619; or
- writing to us at:
  - FXCM Australia Limited
  - Darling Park Tower 3
  - Level 13, Suite 3
  - 201 Sussex Street
  - Sydney, NSW 2000, Australia
  - AU Free Call: 1800 109 751
  - NZ Free Call: 0800 450 331
  - International: +1 212 609 2952

## **Financial Services & Products FXCM is Authorised to Provide**

FXCM holds an Australian Financial Services License (Number 309763) which authorises us to provide the following financial services to retail and wholesale clients:

- provide general product advice for the following classes of financial products:
  - a) derivatives; and
  - b) foreign exchange contracts,
- deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
  - a) derivatives; and
  - b) foreign exchange contracts,
- make a market for the following classes of financial products:
  - a) derivatives; and
  - b) foreign exchange contract,

## **Nature of Advice**

FXCM only provides general advice. General advice does NOT take into account your objectives, financial situation or needs. FXCM will not provide you with personal advice that takes into consideration your objectives, financial situations or needs and therefore will not issue a statement of advice.

Under the law governing financial services, general advice has a defined meaning which may be different to what you understand or expect general advice to mean. In the context of the provision of financial services, general advice can include information about FXCM products and the underlying markets and FXCM's opinions about, or outlook for, FXCM products or the underlying markets. Any information you have requested about FXCM products and the markets, or have discussed with a FXCM employee should only be regarded as general advice. Market updates, research reports, website content etc are examples of the general advice we may provide.

Accordingly we make no warranties or guarantees that the content of the advice is suitable for your individual situation. You should read and consider the relevant PDS and consider seeking independent advice before making any decisions about FXCM products and/or using the services offered by FXCM.

You should obtain professional financial advice based on your own particular circumstances before making an investment decision on the basis of the general advice provided by FXCM.

## **How to Instruct FXCM**

You may place orders to deal in FX contracts or CFDs by using electronic dealing platforms such as Trading Station II, MetaTrader 4. Only clients dealing in FX contracts may use ActiveTrader, and/or the Forex System Selector.

FXCM also offers you the option of placing trades over the phone with our Dealers for certain platforms. The trading desk is open from Monday, 7:15AM Sydney time thru Saturday 6:00 AM Sydney time. It is important to note, This time changes with Daylight savings time.

Whenever you execute a transaction on your account a confirmation or statement will be sent to you. This documentation is provided online and you can access your accounts at any time to view your transactions and account balances. You must review any confirmation or statement we send to you immediately upon receipt to ensure its accuracy and to report any discrepancies to us.

### Remuneration for FX Contracts (fees and charges)

Trading Station	Spreads	Rollover Fees	Referring Broker Rebates	Commission	Administrative Fees	Conversion Fees
Trading Station II (Standard Account)	Applicable-Varies according to currency pair and trading station	Applicable	If Applicable .25-2.5 Pips	None	Applicable-according to the currency denominated account and residence of Client	Applicable
MetaTrader 4	Applicable-Varies according to currency pair and trading station	Applicable	If Applicable 0.25-2.50 Pips	None	Applicable-according to the currency denominated account and residence of Client	Applicable
Active Trader	Applicable-Varies according to currency pair and trading station	Applicable	If Applicable 0.25-2.50 Pips	Commission is charged on a per trade basis contingent upon monthly trading volume*	Applicable-according to the currency denominated account and residence of Client	Applicable
Forex System Selector	Applicable-Varies according to currency pair and trading station	Applicable	If Applicable 0.25-2.50 Pips	USD\$1 Per Trade	Applicable-according to the currency denominated account and residence of Client	Applicable

**For more detailed information on FXCM Trading Stations, refer to PDS Part 2**

### Spreads

Generally, FXCM earns its income from the spreads that are embedded in the currency rates quoted on the online trading platforms. Spreads are the difference between the best bid and best offer rates at which you buy and sell the financial instruments. You will incur a mark-up within the spread that ranges from 0.5 pip to 2.0 pips depending on the trading platform, currency pair, market conditions, size of the trade, and prevailing market rates.

## FX Contracts - Rollover Fees

You will also be charged a “rollover” or for holding FX Contracts and CFDs overnight. These fees vary from day to day. Banks and financial institutions charge and/or pay FXCM LLC a “rollover” fee, which in turn passes these rates/charges to FXCM Australia Limited. FXCM Australia Limited thereafter passes the “roll over” charge to you.

## Metals CFDs - Rollover Fees

All open Metal CFD positions are rolled to the next trading day. Depending on whether you are long (hold a bought position) or Short (hold a sold position) you will either be debited or credited rollover interest on a daily basis. Details of FXCM's rollover rates (rolls) are detailed on the Trade Station II in a transparent manner. Please note that at all open positions at the close of business on Thursday at 8.00 AEST incur a 3 day rollover debit/credit, and bank holidays will affect the number of days that a position is rolled forward.

## Oil CFDs - Rollover Fees

Since the Oil CFD product FXCM offers is in fact with reference to an underlying futures contract, no overnight credits/debits or dividends are applicable. This is because you will not acquire the full face value of the underlying futures contract.

## Index CFDs - Rollover Fees

Financing costs (cost of carry) and dividends make up the overnight credits/debits. The value of these two variables are independent of one another. The overall credit/debit that is credited/debited will depend on the size of the open trade.

<u>Index Name</u>	<u>Finance Reference Rate* and Haircut</u>
US 30	Three Month USD LIBOR (+3/-3%)
SPX500	Three Month USD LIBOR (+3/-3%)
NAS 100	Three Month USD LIBOR (+3/-3%)
UK 100	Three Month GBP LIBOR (+3/-3%)
GER 30	Three Month EURO LIBOR (+3/-3%)
ITA 40	Three Month EURO LIBOR (+3/-3%)
ESP 35	Three Month EURO LIBOR (+3/-3%)
FRA 40	Three Month EURO LIBOR (+3/-3%)
HKG 33	Three Month HKD LIBOR (+3/-3%)
JPN 225	Three Month JPY LIBOR (+3/-3%)
AUS 200	Three Month AUD LIBOR (+3/-3%)

- f = Overnight finance charge
- s = Trade size (1)
- p = closing price as determined by FXCM
- r = relevant LIBOR rate, add 300 basis points for long positions, or deduct 300 basis points for short positions (6.00% - 3.00%) = 3%
- d = number of days, i.e. 365 for GBP products and 360 for all others

And is calculated as follows:  $f = (s \times p \times r) / d$

\*Finance Reference Rate can be interpreted as the rollover rate. Interest rates are a factor in any market. FXCM's daily interest debit or credit amounts (herein, referred to as "rollover") are based on the total face value the position. Our rollover rates are calculated by referencing the relevant LIBOR for all Index CFD products. Each day, the rollover amounts per lot are shown transparently in the simple dealing rates window.

### **Rebates**

Client understands and acknowledges that FXCM may compensate Referring Broker for introducing Client to FXCM and that such compensation may be on a per-trade basis or any other method upon FXCM's discretion. Generally, FXCM's compensation to Referring Brokers for introducing Client ranges from 0.1 pips to 2.50 pips per round turn trade.

(For more detailed information on pips, please refer to the Product Disclosure Statement, in the section "Pip Cost".)

### **Commission**

The amount of commission paid to referring brokers is negotiated on an individual basis and the commission paid to referring brokers ranges from: 0.50 AUD – 5.00 AUD per 10K lot. All clients will be asked to agree to commissions charges prior to any such commissions being charged, via a commissions acknowledgement form.

Where you enter into a transaction you will be required to pay an initial margin. You may also be required to pay additional margin in the event of adverse market movements against your position(s). Such payments are not fees or costs but are funds required by FXCM to cover our risk and as security for the client's obligations.

### **Administrative Fees**

FXCM will charge the following administrative charges in respect of FXCM products:

CCY	Domestic* Payments	International Payments
USD	25	40
NZD	30	30
AUD	15	15
EUR	30	30
GBP	15	15
JPY	0	3,000

\*Domestic Payments are applicable to New Zealand and Australian residents.

Where an account is dormant with no transactions for at least 1 year, and with an account balance of \$50 or less, you will be subject to a dormant account management fee. This fee will be equal to or the lesser of \$50 or the remaining balance in your account. Upon the imposition of this fee, your account will automatically be closed.

Administration charges are subject to change from time to time and are deducted from your account on or shortly following occurrence of the relevant event.

### **Conversion Fees**

Any administrative conversions will be made at the bank rate or at the prevailing spot rate shown on the FXCM Trading Stations when the transaction is completed by FXCM. The following markup will apply. The pip charge will be determined by the amount converted (USD equivalent).

Range	Pip Charge
< \$10,000 USD	150
\$10,000 to \$49,999 USD	100
\$50,000 to \$100,000 USD	50
> \$100,000 USD	10

FXCM reserves the right, in its sole discretion, to refuse to process any conversion requests.

### **Credit Card Fees**

FXCM does not charge a fee for credit card deposit or withdrawal transactions.

### **FXCM Mobile TS II Trading System Fees (MICRO)**

If you are trading via a FXCM Micro Account, your account will be charged and debited a service fee of \$0.10 per 1,000 unit lot for each trade entered using the Mobile TS II Trading System.

You may be charged a fee in lieu of paying/receiving interest for position held open past the close of business day ("roll over"). The "Fee" is either a markup to the spread or a commission charge in the instance of select platform types, as determined and notified by FXCM, which may increase or decrease in its sole discretion.

### **GST and other taxes**

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of services provided to you or any transaction made.

Fees referred to in this FSG are generally exclusive of GST unless expressly stated.

### **Remuneration and benefits of FXCM Employees and Directors**

Our employees and directors are remunerated by way of salary and other employee benefits. They may also be eligible for a discretionary bonus which is based on achievement of predetermined business objectives such as:

- meeting or exceeding standards of excellence in client service;
- the level of revenue they generate; and
- reaching individual sales portfolio targets.

You may request particulars of the remuneration or other benefits. However, that request must be made within a reasonable time after you receive this FSG and before any financial service identified in this FSG is provided to you.

A full description of the amounts we charge and when they will be charged can be found in our PDS and the Terms of Business.

### **Associations**

We do not have any relationships or associations with other financial product issuers which might reasonably be expected to be capable of influencing us in providing financial services to you.

### **Dispute Resolution**

This Dispute Resolution Policy explains how FXCM handles disputes with clients, both internally and externally.

#### Internal complaints handling system

- (i) Upon receipt of a complaint from Client, the FXCM employee that receives the complaint will attempt to resolve the issue. If the complaint cannot be resolved at the first point of contact or after reasonable investigation and discussion with Client, the matter will be referred to a senior member of the relevant FXCM division. If Client is dissatisfied with the outcome, Client will be requested to provide: (a) written notice specifying the nature of the complaint, the desired outcome and what action Client thinks will settle the complaint; and (b) all relevant material to support the complaint.
- (ii) Complaints should be addressed to the Compliance Department and sent to FXCM. Upon receipt of written notice ("Lodgment Date"), FXCM's Compliance Department will: (a) within 5 days of the Lodgment Date, provide a written acknowledgment of receipt and an indication of the time-frame in which FXCM will respond to the complaint; (b) consider and investigate the circumstances surrounding the complaint; (c) advise Client of the criteria and processes applied by FXCM in dealing with complaints; (d) upon request, provide Client with any relevant, non-confidential, material relating to the complaint; and (e) communicate directly with Client, with a view to resolving the complaint in a fair and timely manner.
- (iii) No later than 45 days following the Lodgment Date, the Compliance Department must: (a) notify Client in writing of the decision in relation to the complaint and include the words "Final Response" in the subject line; (b) provide Client with written reasons for the decision; (c) outline to Client the remedies, if any, available to Client; and (d) advise Client of any further avenues for complaint and the time frames involved in those avenues. Where Client has redress (financial or otherwise), FXCM will promptly provide Client with information regarding that redress. If the complaint is not resolved within 45 days following the Lodgment Date, the Complaints Officer will inform Client of the reasons for the delay.

- (iv) FXCM may in its discretion give any appropriate remedy to the complainant, including but not limited to any of the following:
  - (a) information and explanation regarding the circumstances giving rise to the complaint;
  - (b) an apology; or
  - (c) compensation for loss incurred by the complainant.
  
- (v) Client may contact the Client Services Department should Client require further information on how complaints are handled by FXCM internally.

#### External Dispute Resolution Process.

- (i) In the event that Client's complaint is unable to be resolved by FXCM in accordance with its internal complaints handling system, Client may refer the complaint to the Financial Ombudsman Service ("FOS") for determination in accordance with its rules, provided that the complaint falls within the rules of the FOS.
  
- (ii) Client may lodge a complaint with the FOS by sending the necessary documents and information to:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001

- (iii) Before FOS will deal with Client's complaint, Client must have first lodged a formal complaint with FXCM and given FXCM time to resolve the complaint.
  
- (iv) A determination FOS will be binding on FXCM only if the Client accepts the decision.

#### **Compensation Arrangements**

FXCM has professional indemnity ("PI") insurance arrangements in place which satisfies the requirements for compensation arrangements under section 912B of the Corporations Act .These arrangements are in place to compensate individuals who suffer loss or damage as a result of a breach of FXCM's obligations. Our PI insurance takes into account the nature and volume of our business, the number of clients and kind or clients we have, our representatives and the maximum potential extent of liability.

Our PI insurance also covers claims in relation to the conduct of representatives and employees who no longer work for us but who did at the time of the relevant conduct.

#### **Privacy Policy**

We value the privacy of your personal information. In general, we collect information about you to manage the client relationship we have with you and to ensure that we provide the product and services most appropriate to your needs.

In accordance with the Anti-Money Laundering and Counter-Terrorism Act 2006, FXCM has an obligation to collect information and verify the identity of its clients. This information is referred to as Know Your Client information or KYC information. FXCM will carry out its customer identification and verification procedures in accordance with the Privacy Act 1988.

For more detailed information onof FXCM's Privacy Policy please refer to the Terms of Business.