



Product Disclosure Statement

Part 1: General Information FX Contracts

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FXCM AUSTRALIA LIMITED

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General Information

FXCM Australia Limited (“FXCM”) is incorporated in New Zealand and registered and authorised to conduct business in Australia. FXCM holds an Australian Financial Service (“AFS”) Licence (number 309763), issued by the Australian Securities and Investments Commission (ARBN 121934432)

Contact Information

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Description of Foreign Exchange (“FX”) Contracts Offered by FXCM

FXCM offers over-the-counter (“OTC”) margin foreign exchange trading whereby you may buy or sell specific currency pairs at prices displayed on the FXCM Trading Platforms. Key features of FX Contracts offered by FXCM include:

- Contracts are non deliverable and automatically roll over at the end of each day until the position is closed
- Contracts are traded between you and FXCM and are not traded on any exchange
- Contracts are non transferrable so that a FX Contract bought from FXCM cannot be sold to another broker, trader or market maker.

Other key features of FX Contracts offered by FXCM are described in Part 2 of this PDS.

FXCM Platforms

FXCM provides trading services via several different Trading Platforms including Trading Station II, MetaTrader 4, Active Trader, and Forex System Selector. While each account Trading Platform may have slightly different features (such as lot size, functionality or fees), all FXCM FX Contracts contain the above listed features. This Product Disclosure Document seeks to explain the key features of the different FXCM Trading Platforms.

Important Information about the FXCM's Product Disclosure Statement ("PDS")

FXCM is the issuer of this Product Disclosure Statement ("PDS") for FX Contracts and CFDs.

Under the Corporations Act 2001 (*Cth*) ("Corporations Act"), a retail client must receive a PDS from an AFS Licensee before acquiring a financial product. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of our FX Contracts. You may also use this PDS to compare the financial products described with other issuers of similar products.

This PDS contains information about the FX Contracts we offer. This PDS is divided into 3 separate parts.

PART 1 – GENERAL INFORMATION

PART 2 – THE DIFFERENT TRADING PLATFORMS WE OFFER

PART 3 - FXCM MICRO

Part 1 of this PDS includes general information about FXCM, trading with FXCM, benefits of trading in FX Contracts with FXCM, together with details of our Privacy Policy, Dispute Resolution, Taxation Considerations, Cooling-Off Arrangements, Other Available Information, and Glossary.

Part 2 of this PDS outlines the pertinent features of Trading Station II, MetaTrader 4, Active Trader, and Forex System Selector Trading Platform. Part 2 also details the fees and charges when trading FX Contracts utilizing the various Trading Platforms.

Part 3 of this PDS provides detailed information on a specific type of account i.e. the FXCM Micro Account. The FXCM Micro account is for traders who prefer trading in small (1K, 2K) lots referred to as "Microlots". FXCM Micro uses "No Dealing Desk" execution.

You must ensure you have read this PDS Part 1 in addition to Part 2 or 3 that is relevant to the product/service you choose. The PDS is provided in separate parts in order to provide you efficient knowledge about our products and services in a clear, concise and effective manner.

This PDS replaces all other previous versions of the PDS. If you are an existing client of FXCM, we will make this PDS available (including the most recent FSG) on our Website. If you download an electronic copy of this PDS, Australian law requires that you must download all pages. If you make this PDS available to another person, you must give them the entire electronic file or printout.

The English language version of this PDS overrides all other language versions of this PDS to the extent of any inconsistency.

You should keep this PDS, the Terms of Business and the FSG and any supplementary and replacement documents and updated information that is provided to you by FXCM or FXCM Holdings, LLC including via emails for your records.

We will amend this PDS or withdraw it from circulation in the event of any material alteration of the information it contains. FXCM may modify any of the terms and conditions in the PDS. If the change is an increase in fees and charges, or any other significant changes that are adverse or potentially adverse to an investor, we will give notification issuing a new PDS. Any updated information which is not materially adverse to investors will be available on the FXCM Website.

Jurisdiction

This PDS is distributed by FXCM to Australian clients and foreign clients. The distribution of this PDS may be restricted in certain jurisdictions outside Australia. Should you gain access to this PDS in a restricted jurisdiction, you should observe such restrictions. This PDS does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or solicitation. If you are a foreign client intending to deal or dealing with FXCM, you should note:

- the law governing your dealings with FXCM is the law of New South Wales, Australia;
- money which you deposit with FXCM will be regulated by the Australian Client Money Rules; and
- FXCM may require you to confirm your status as a person in your jurisdiction who is eligible to deal with FXCM.

Application Process with FXCM

Before you begin dealing in FX Contracts with FXCM, in addition to reviewing the FSG and PDS you must review the Terms of Business and complete an Application Form and be approved by FXCM.

Before starting the account opening process, you must read:

- the Terms of Business
- this PDS [Part 1 in addition to relevant Part according to the product and/or service you choose]
- the Financial Services Guide [FSG]

The documents are available on the Website or can be obtained by contacting us.

The Application Forms require you to disclose personal information. You should refer to the Privacy Policy in the Terms of Business which explains how FXCM Holdings, LLC collects personal information and then maintains, uses, and discloses that information.

Terms of Business

The Terms of Business governs the contractual relationship between FXCM and the client (including but not limited to the consequences of events of default). The Terms of Business sets out the basis on which transactions will take place and the obligations of both FXCM and the client when accessing and trading on the Trading Platforms. However, entering into the Terms of Business does not itself constitute a trade or in any way oblige you to enter into future transactions. This is always your decision. You must confirm via the Website that you accept the Terms of Business before you can enter into transactions with us. FXCM's Terms of Business is incorporated by reference in to this PDS and is available on our Website. A paper copy is available free of charge on request.

Representations

FX Contracts offered on and from the date of this PDS are offered solely on the basis of the information and representations contained in this PDS and the Terms of Business. No other information or representation is authorized nor is any person authorized by FXCM or FXCM Holdings, LLC to give any information to clients or to make any representation other than any information or representation contained in this PDS, the Terms of Business and the FSG.

Consult your advisor

You should obtain independent financial, legal, taxation and any other professional advice concerning this PDS, the Terms of Business and the FSG.

FXCM DOES NOT PROVIDE PERSONAL ADVICE

We only provide general advice. General advice under Australian law can include information about FXCM products and the underlying markets and FXCM's opinions about, or outlook for, FXCM products. 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.

If you require personal advice specific to your particular financial situation, objectives or needs, you will need to speak to your financial adviser. FXCM does not give personal advice.

Any discussions with FXCM employees about his or her view of current or future market conditions or prospects for a particular FXCM Product should not be seen as personal advice, as he or she will not have taken into account your particular financial circumstances, objectives or needs. Rather, it should be regarded as general information for your consideration prior to making any decision to deal in any FXCM Product.

Updates, research reports, website content etc do not constitute personal advice. We do not provide personal advice. Personal advice is advice which takes into account your objectives, financial situation or needs. You will therefore not receive a Statement of Advice from us. This means that when we provide general advice to you, the advice will not take into account your objectives, financial situation or needs. It is important for you to consider these matters. Accordingly we make no warranties or guarantees in respect of the content. You should read and consider this PDS and consider seeking independent advice before making any decisions and/or using the services offered by FXCM.

Investors and traders should obtain professional financial advice based on their own particular circumstance before making an investment decision on the basis of the general advice provided. While we ensure that all the information provided is kept up-to-date and accurate we accept no responsibility for any use made of the information. Upon your acceptance of FXCM's Terms of Business you warrant that communications between FXCM and yourself will not be interpreted as personal financial advice and that any investment or trading decision(s) made by you is/are a result of your own free will and choice.

FXCM may collect personal or investment information from you to identify you and to administer your account. Collection of personal information does not imply that personal advice is given.

Australian Securities and Investments Commission ("ASIC")

ASIC takes no responsibility for the contents of this PDS.

Use of examples in this PDS

The examples set out in this PDS and those on our Website are provided only for illustrative purposes. All amounts in the examples are approximations for illustration purposes only. The examples use figures which attempt to demonstrate how FXCM's FX Contracts work. The figures do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which FXCM may exercise its powers or discretion. All monetary amounts are references to Australian Dollars. The examples do not constitute general or personal financial product advice to any person reading this PDS.

KEY BENEFITS OF DEALING IN FX CONTRACTS WITH FXCM

No Dealing Desk Execution

FXCM offers No Dealing Desk (“NDD”) execution. With NDD, FXCM does not take a market position, which eliminates a major conflict of interest between market maker and trader. Every trade is hedged back to back with an FXCM affiliate which in turn hedges with some of the world’s premier banks or financial institutions, which compete to provide the FXCM affiliate with Bid and Offer prices. These price providers (banks and financial institutions) do not see your stops, limits, and entry orders. The best spreads available to the FXCM affiliate are streamed to you with a small markup. There is no dealer confirmation.

Phone Dealing

FXCM offers you the option of placing trades over the phone with our dealers. The trading desk is open from 9:15a.m. Sydney time Monday morning through to 8:00a.m. Sydney time Saturday morning.

However, you will not be able to close existing positions or open new ones. All trading functionalities will cease upon the end of week closing.

24 Hour Trading and Support**

FXCM will endeavour to provide you with access to our Trading Platforms which provides you the opportunity to trade 24 hours a day on Trading Days. This gives you a unique opportunity to react instantly to news that is affecting the markets. FXCM representatives are available 24 hours a day, 7 days a week.

User Friendly Trading Platforms

FXCM Trading Platforms are easy to use online trading stations designed to provide clients with comprehensive market information and a high level of execution. The Platforms allows you to customize your trade station.

Real Time Quotes

FXCM uses sophisticated technology and/or liquidity providers (counterparties) in order to offer you up-to-the-minute quotes. You may check your accounts and positions in real time and you may do so 24 hours a day.

Trading Education

FXCM has developed a series of courses that are designed to teach a novice trader basic skills in order to trade; using charts, identifying potential trading opportunities, trade the market based on news, events and economic data, and learn to maximize his/her trading opportunities while managing risks.

SIGNIFICANT RISKS OF DEALING IN FX CONTRACTS WITH FXCM

You should be aware that trading FX Contracts offered by FXCM involves risks. It is important that you carefully consider whether dealing in FX Contracts is appropriate for you in light of your financial circumstances such as your objectives, financial situation and needs.

FXCM will not give you any personal financial product advice. As FXCM will only be providing general advice, this advice will not take into account your objectives, financial situation or needs. Accordingly, ***you should obtain your own financial, legal, taxation and other professional advice as to whether FX Contracts are an appropriate investment for you.***

FXCM has a risk management framework within the software supporting the Trading Platforms which, assuming you meet all of your obligations to us (as fully set out in the Terms of Business), attempts to limit your potential loss to the amount of money you have deposited in your account. However, at all times, if you have open positions with us your potential loss can be substantial and is not limited to any amount. You may sustain losses in excess of the moneys you initially deposit not directly related to trading activity.

FXCM recommends that you do not risk money that you are not in a position to lose and that you adopt a philosophy of capital preservation and implement risk mitigation techniques (such as the use of stop-loss orders). Stop-loss orders assist you in managing your risk by preventing your account from declining below what you are prepared to lose. This type of order is designed to automatically close some or all of your open positions at the best available price once a certain price is reached. A Stop-loss order can only be set at a price less favourable than the current price.

For example: If you buy the AUD/USD at 0.87739 and want the position to close automatically if it moves 1000 pips against you, you would enter a stop-loss order into the Trading Platform at 0.86739. (If you are short, you would enter the stop-loss order above the current price i.e. 0.88739.)

Please note that your stop-loss orders may be filled at prices inferior to those at which they were originally placed. FXCM will execute a stop-loss order once one of the following conditions are met:

- FXCM's Offer price has reached the stop-loss order price in the case of a buy order, or FXCM's Bid price has reached the stop-loss order price in the case of a sell order; or
- The price offered by FXCM on the relevant Trading Platform has traded at or through the level at which the stop-loss order was placed.

In some market conditions, such as Gapping in the underlying market, the price offered by FXCM on the relevant Trading Platform will also Gap through your specified price (stop level), then the stop-loss order will be executed at the next available price.

Due to the above factors, FXCM does not guarantee that your stop-loss order will be executed at the same price you requested.

Market Risk

Market risk is the risk that the value of your positions will change as a result of a movement in the underlying market price.

For FX Contracts, you will suffer a loss if the underlying foreign exchange rate moves unfavourably. There is no guarantee or assurance that you will make profits, or not make losses, or that any unrealised profits or losses will remain unchanged. You should note that information about prices or rates may come from a number of sources and may not necessarily be current when provided to you. FXCM does not accept responsibility for this as it is impossible to guarantee prices based on a snap shot of your open positions until they are physically closed out and the price is determined.

Prices/rates

Prices/rates quoted may not necessarily reflect the broader underlying market. FXCM will select closing prices to be used in determining Margin Requirements and in marking to market the positions in client accounts. Although these prices can be expected to be reasonably related to those available on the interbank market (for FX Contracts) or the relevant underlying market of the asset which is the subject of the CFD, prices used may vary from those available and other participants in the markets,

Regulatory Risk

You may be exposed to the risk of a change in laws and regulations that materially may impact FXCM. A change in laws or regulations made by the government or a regulatory body can possibly increase the costs of operating a business, or possibly reduce the attractiveness of investment financial product.

Counterparty Risk

As FXCM issues the FX Contracts , you are dealing with FXCM as counterparty to every transaction. Thus, you are exposed to the financial and business risks, including credit risk, associated with dealing with FXCM. That is, if FXCM were to become insolvent it may be unable to meet its obligations to you. This is common to all OTC financial products.

FXCM clients may assess FXCM's financial ability to meet its counterparty obligations by reviewing the financial position of FXCM. Upon written request, a client may, at no additional cost, obtain a copy of our most recent financial statements.

You are reliant on FXCM's ability to meet its counterparty obligations to you to settle the relevant Contract. If FXCM were to become insolvent, then we may be unable to meet our obligations to you in full or at all. FXCM limits this exposure by generally entering into opposite back to back transactions with an FXCM affiliate (hedging counterparty) in relation to its exposures to its clients i.e. we hold back to back positions (with you as one counterparty and with a hedging counterparty as the other counterparty). It is possible that a hedging counterparty may become insolvent while controlling client money. Therefore, any funds paid by clients to FXCM may not be protected if there is a default in the overall client trust account. Refer to the paragraph titled Clients' Money in this PDS for further information.

You should also refer to the section of the Terms of Business, where information about FXCM's conflicts of interest is discussed.

Leverage Risk

You should be aware that trading in leveraged Contracts such as the FX Contracts offered by FXCM is one of the riskiest forms of investment available in the financial markets and may not be

suitable for all investors. In deciding whether or not you wish to become involved in dealing in FX Contracts with FXCM, you should be aware that:

FX Contracts are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investment products such as share trading and you could lose large amounts of money. You may sustain losses in excess of the Margin Requirement needed to establish and maintain an FX Contract with FXCM not directly related to trading activity.

FX Contract trading carries a high degree of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you. Before deciding to trade FX Contracts you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment or even more in extreme circumstances (such as Gapping underlying markets) and therefore, you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with trading in FX Contracts and seek advice from an independent financial advisor if you have any doubts.

An example of leverage risk: An account with FXCM permits you to trade on a highly leveraged basis (up to approximately 200 times [400 times for Micro Accounts] your account equity or as otherwise permitted by FXCM). An initial deposit of AUD\$500 may enable the trader to take a maximum position of AUD\$100,000 notional market value. In such a case, the funds in an account trading at maximum leverage can be completely lost, if the position(s) held in the account has more than a one percent swing in value. In fact, your loss is not limited to that amount i.e. you could lose additional money beyond the funds you have deposited with us. Given the possibility of losing an entire investment or more, speculation in financial markets should only be conducted with risk capital funds that if lost will not significantly affect your financial well-being. If you have pursued only conservative forms of investment in the past, you may wish to study financial markets trading further before commencing with an investment of this nature. You must realize that you could sustain a total loss of all funds you deposit with us as initial margin as well as substantial amounts of additional capital, should the market go against your investment or Gapping occurs in the underlying market making it impossible to execute your stop-loss order (if placed). If you wish to commence trading, you acknowledge that the funds you have committed are purely risk capital and loss of your investment will not jeopardize your style of living nor will it detract from your future retirement program. Additionally, you fully understand the nature and risks of trading FX Contracts and your obligations to others will not be impacted should you suffer investment or trading losses.

Systems Risk

Operational risks in relation to the FXCM Trading Station are inherent in every FX Contract. For example, disruptions in FXCM's operational processes such as communications, computers, computer networks, software or external events may lead to delays in the execution and settlement of a transaction.

Clients receiving a disruption to the Trading Stations must call the dealing desk in order to open/close positions. In the event a disruption occurs on the FXCM side, you may be unable to trade in an FX Contracts offered by FXCM when you wish and you may suffer a financial loss or opportunity loss as a result.

FXCM does not accept or bear any liability whatsoever in relation to the operation of the FXCM Trading Station, except to the extent that it is caused by the fraud or dishonesty on the part of FXCM or its employees, agents or representatives.

Execution Risk

Slippage

FXCM aims to provide you with the best pricing available and to get all orders filled at the requested rate. However, there are times when, due to an increase in volatility or volume, orders may be subject to what is referred to as "slippage". This most commonly occurs during fundamental news events or Gapping underlying markets. The volatility in the market may create conditions where orders are difficult to execute, since the price might be many pips away due to the extreme market movement or Gapping. Execution is subject to available liquidity at any and all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or liquidity exhausted, in which instance your order would be filled at the next best price or the fair market value.

Delays in Execution

A delay in execution may occur for various reasons, such as technical issues with your internet connection to the FXCM servers, which may result in hanging orders. The Trading Platforms on your computer may not be maintaining a constant connection with the FXCM servers due to a lack of signal strength from a wireless or dialup connection. A disturbance in the connection path can sometimes interrupt the signal, and disable the Trading Platforms, causing delays in transmission of data between your Trading Platform and FXCM's servers.

Reset Orders

Market volatility creates conditions that make it difficult to execute orders at the given price due to an extremely high volume of orders and/or available liquidity and therefore may be reset. By the time orders are able to be executed, the Bid/Offer price at which FXCM (or its counterparty) is willing to take a position may be several pips away. For Limit Entry or Limit Orders, the order would be rejected and reset until the order can be filled.

Hanging Orders

During periods of high volume, hanging orders may occur. This is a condition where an order sits in the "orders" window after it has been executed. Generally, the order has been executed, but it is simply taking a few moments for it to be confirmed. During periods of heavy trading volume, it is possible that a queue of orders will form. That increase in incoming orders may sometimes create conditions where there is a delay in confirming certain orders.

Greyed Out Pricing

FXCM does not intentionally "Grey Out" prices; however, this is a condition that occurs when liquidity decreases, and market-makers that provide pricing to FXCM are not actively making a market for particular currency pairs. Clients will not be able execute trades on "Greyed Out" prices.

Hedging

The ability to hedge allows you to hold both buy and sell positions in the same product simultaneously. You have the ability to enter the market without choosing a particular direction. While the ability to hedge is an appealing feature, you should be aware of the factors that may affect hedged positions. It is important to note that even a fully hedged account may suffer losses due to rollover costs, exchange rate fluctuations or widening spreads. Such losses may even trigger a Margin Call.

Inverted Spreads

Unfortunately, online trading technology is not perfect and, in rare cases, this feed can be

disrupted. This may only last for a moment, but when it does, FSCM Spreads (Bid and Offer prices) often become inverted. The clients may not be able to trade on inverted FXCM Spread and FXCM reserves the right to reverse such trades.

Trading Platform Closed

Due to the dynamic nature of the financial markets, it is possible that the value of your open positions will change while the trading function of the various Trading Platforms are closed i.e. on days which are not a Trading Day. In this case, you will not be able to trade in a FX Contract such as open a new transaction or close out an open transaction until the trading function of re-opens. You may suffer a financial loss or opportunity loss as a result.

Use and Access to the Website

You are responsible for providing and maintaining the means by which you access the FXCM Trading Platforms and Website. While the internet is generally reliable, technical problems or other conditions may delay or prevent you from accessing the FXCM Website. If you are unable to access the internet and thus, the Trading Stations, it will mean you are unable to trade in a FX Contract offered by FXCM when you wish to do so and you may suffer a financial loss or opportunity loss as a result.

Furthermore, FXCM reserves the right to suspend the operation of our Website or any part or section thereof.

Transactions are not Transferable

As each FX Contract you enter into with us is a transaction between you and FXCM and is not traded on an exchange or market, you will not be able to transfer or assign the FX Contract to any other person.

Mobile TS II Trading System Risks

You understand that by choosing to conduct trading activity via Mobile TS II, you assume and accept certain risks for which you agree that neither FXCM nor its third party service provider shall be liable, including but not limited to the risk of: power outages; broken connections; network circuit obstruction or congestion; transmission failures; transmission delays; the risk of delayed communications during periods of increased market volatility; and/or other occurrences outside FXCM's direct control (collectively, "Technical Problems"). Order execution via Mobile TS II is not guaranteed. You hereby agree to indemnify and hold FXCM harmless with respect to any and all losses you may sustain in connection with any and all Technical Problems. Customer service inquiries relating to Technical Problems should be directed to FXCM. However, in no event will FXCM be liable for your inability to engage in trading activity via Mobile TS II and FXCM shall not be responsible for any losses incurred by you or missed opportunities experienced by you due to the delayed or non-delivery of any order or instruction via Mobile TS II.

You agree that FXCM shall not be responsible for any fees associated with your use of Mobile TS II should you incur any fees from your internet service provider, phone service provider, or any other service provider used to access Mobile TS II.

Online trading and trading via portable device, no matter how convenient or efficient, do not reduce the risks associated with trading in FX Contracts. FXCM will not be liable to you or any third party for the accuracy or timeliness of any and all information provided via Mobile TS II or for any and all actions on such information.

IF YOU HAVE ANY DOUBTS AS TO WHETHER AN ORDER PLACED VIA MOBILE TS II HAS BEEN EXECUTED, YOU SHOULD NOT PLACE ADDITIONAL ORDERS VIA MOBILE TS II. RATHER, YOU SHOULD CONTACT FXCM FOR INFORMATION REGARDING ORDER STATUS OR LOG ON TO THE RELEVANT FXCM TRADING PLATFORM. FXCM'S PHYSICAL TELEPHONE TRADING DESK IS MAINTAINED DURING TRADING HOURS AS AN ALTERNATIVE METHOD OF COMMUNICATION DURING MOBILE TS II SERVICE INTERRUPTIONS OR WHEN EXPERIENCING TECHNICAL PROBLEMS.

CLIENTS' MONEY

Any money that you deposit with FXCM will be segregated and held in a separate Client Trust account or accounts and may be invested in accordance with the Australian Client Money Rules and the Terms of Business.

The purpose of the trust accounts is to segregate our clients' money, including your money, from our own funds. However, individual client's money is co-mingled into one or more segregated trust accounts. Trust accounts may not insulate your money from a default in the trust accounts.

Should there be a deficit in the trust accounts and in the unlikely event FXCM becomes insolvent, you will be an unsecured creditor in relation to the balance of the money owed to you. However, some protections are afforded to clients by the Australian Client Money Rules.

Protections afforded by the Australian Client Money Rules

Furthermore, the Australian Client Money Rules provide that in the event that FXCM loses its AFS Licence, becomes insolvent, merges with another IAFS Licensee or ceases to carry on some or all of the activities authorized by the AFS Licence, client money held by FXCM, and investment of client money, will be dealt with as follows:

Money in the trust accounts is held in trust for the persons entitled to it, and is payable in the order set out below:

- 1) if money in the trust accounts is invested, the investment is likewise held in trust for each person entitled to money in the trust account; and
- 2) money in the trust accounts is to be paid in the following order:
 - money that has been paid into the accounts in error;
 - payment to each person who is entitled to be paid money from the accounts;
- 3) if the money in the accounts is not sufficient to be paid in accordance with the above, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
- 4) if there is money remaining in the accounts after payments made in accordance with the above paragraphs, the remaining money is payable to FXCM.

PRIVACY POLICY

This Privacy Policy explains how FXCM collects personal information and then maintains, uses and discloses that information. It also provides some detail about Client's rights.

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.

When submitting Client's application form to open an account with FXCM, Client will be providing entities within the FXCM group of entities (the "FXCM Holdings, LLC") with Client's personal information. FXCM Holdings, LLC will also maintain records of all transactions and activities on Client's account(s), including, but not limited to, details of liquidations on Client's account(s). FXCM Holdings, LLC may also collect information about Client from publicly available sources such as company registers. Client's personal information will be held by FXCM strictly in accordance with National Privacy Principles in the Privacy Act 1988. At any time, upon request, Client may gain access to the information FXCM holds about Client. FXCM Holdings, LLC may also record telephone conversations between Client and persons working for FXCM. Such recordings, or transcripts from such recordings, may be used to resolve any dispute between Client and FXCM Holdings, LLC and with a view to satisfying FXCM's statutory obligations including requests from regulators and other government bodies. Recordings or transcripts made by FXCM of Client's telephone conversations may be destroyed under FXCM Holdings LLC's normal practice, which is to destroy them usually, but not necessarily, 2 calendar months after the date of the conversation. FXCM Holdings, LLC will also collect and hold information about Client when Client completes an online application or other type of form or operates and deals on Client's Account through FXCM's Website.

FXCM has requested the information required in the application forms to enable FXCM to determine whether it will deal with Client using the FXCM Trading Station. That information, together with the information collected and maintained by FXCM during the course of its relationship with Client, is required to keep Client updated whilst Client is a client in relation to matters such as Client's Margin obligations and the funds in Client's account(s) and possibly other activities of FXCM. FXCM Holdings, LLC also requires the information to manage and administer the products and services provided to Client. FXCM may also be required to provide Client's personal information to ASIC and other regulatory and government bodies from time to time in Australia and overseas. FXCM Holdings, LLC may also disclose Client's personal information to: (i) financial institutions and other similar organisations in connection with its corporate activities or that are nominated by Client; (ii) the FOS, courts, arbitrators and other dispute resolution bodies; (iii) external service providers and professional advisers (which may be located overseas) that provide services to FXCM; (iv) any actual or potential delegate or assignee as referred to in the Terms of Business; (v) any other person or entity as required or authorised by law; and (vi) any organisation which Client request FXCM to or any persons acting on Client's behalf, including Client's financial adviser, broker, solicitor or accountant.

FXCM Holdings, LLC may use Client's personal information for: (i) marketing FXCM Holdings, LLC products and services to Client; (ii) developing an understanding of the products and services Client may be interested in obtaining from FXCM; (iii) any other purpose Client has consented to; and (iv) any use which is required or authorised by law.

FXCM Holdings, LLC takes all reasonable steps to protect Client's personal information from misuse, loss, unauthorised access, modification or disclosure.

Client need not give FXCM any of the personal information about Client requested in the application forms. However, without that information FXCM Holdings, LLC may not be able to open an account for Client. Should Client have any questions or complaints about Client's privacy, Client should contact FXCM. If a complaint is not resolved by FXCM Holdings, LLC to Client's satisfaction, Client may complain to the Privacy Commissioner.

Client can gain access to any information FXCM holds about Client by calling +1 212 897 7660, or electronically mailing compliance@fxcm.com. FXCM will process Client's request usually within 14 days. If Client's request is complex, more time may be needed in which case we will advise Client of the extra time required. There is no fee for requesting access to Client's information, although FXCM Holdings, LLC may charge Client the reasonable cost of processing Client's request. In some circumstances the law may allow FXCM Holdings, LLC to deny Client access. In such a case FXCM will explain to Client the reason for refusing access.

FXCM requires that Client promptly notify FXCM of any changes to the personal information that FXCM Holdings, LLC holds about Client. This will ensure that Client's personal information held by FXCM Holdings, LLC is up to date and enable FXCM Holdings, LLC to keep Client informed of the continuing circumstances of Client's account(s), Client's Margin obligations and Client's trading activities. Client may ask FXCM at any time to correct personal information held by FXCM Holdings, LLC about Client which Client believes is inaccurate. Should FXCM disagree with Client as to the accuracy of the information, Client may request that FXCM attach a statement to that information noting that Client considers it inaccurate or incomplete.

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 Complaints Officer and sent to FXCM. Upon receipt of written notice ("Lodgement Date"), FXCM's Complaints Officer will: (a) within 45 days of the Lodgement 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 Lodgement Date, the Complaints Officer must: (a) notify Client in writing of the decision in relation to the complaint; (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 Lodgement Date, the Complaints Officer will inform Client of the reasons for the delay.
- (iv) 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 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 by the 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 of 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.

Further information

You should refer to the Terms of Business for further information about resolving any complaint or dispute with FXCM.

TAXATION CONSIDERATIONS

Trading in FX Contracts products offered by FXCM has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client.

Trading in FX Contracts products offered by FXCM has the potential for generating substantial profits and the potential for generating substantial losses. The tax implications of such profits or losses may be significant depending on the personal circumstances of the individual client. FXCM does not provide tax advice and we recommend you seek your own professional tax advice and the impact any profits or losses generated from trading may have on your overall tax position.

The Australian Taxation Office has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in financial CFD products. A copy is available at the ATO's website www.ato.gov.au.

You should note that this is a public ruling for the purpose of Part IVAAA of the *Taxation Administration Act 1953* (Cth) and therefore, if the ruling applies to an investor or trader, the Commissioner of Taxation is bound to assess that person on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall.

COOLING-OFF ARRANGEMENTS

There are no cooling-off arrangements for the FX Contracts offered by FXCM.

This means that when you enter a transaction with FXCM you do not have a right to return the product and you do not have the right to request FXCM to repay the money you have paid to acquire the product. Should you change your mind after entering into a FX Contract with FXCM, you should close out your position by taking an opposite transaction.

ADDITIONAL INFORMATION

Other information about FXCM and its products may be obtained by accessing our Website at or by contacting us.

GLOSSARY

This Glossary is to be read in conjunction with this PDS. The FXCM Website also has a number of lists of market terminology which you should consult in the event that you do not understand any term when dealing with FXCM.

Account	An account of the client to deal or trade in FX Contracts with FXCM.
Account Equity	Aggregate of the current cash balance in your Account and your current unrealized profit and losses less any Margin Requirement.
Active Trader	A type of Trading Platform FXCM offers through which FX Contracts may be transacted.
AEST	Means the time in Sydney, New South Wales, Australia.
Application Form	The application form including the required account opening documentation and the Terms of Business completed by you and submitted to FXCM or FXCM Holdings, LLC whether electronically or in hard copy.
ASIC	Australian Securities & Investments Commission or any regulatory body which replaces it or performs its functions.
ASX	ASX Limited operating as Australian Securities Exchange.
AUD\$ and \$	Australian dollars, unless specified otherwise in this PDS.
Australian Client Money Rules	The provisions in Part 7.8 of the Corporations Act 2001 and the Corporations Regulations made under those provisions that specify the manner in which financial services licensees are to deal with client money and property.
Base Currency	The first currency quoted in the pair.
Bid	The price at which FXCM offers to buy a FX Contract .
Business Day	Business Day means: 8AM – 5PM AEST.
Cleared Funds	Funds that have been deposited and processed with FXCM and shown on the client's Account.
Commission	A transaction fee charged by FXCM for execution services.
Contract for Difference ("CFD")	CFDs are an agreement between you and FXCM to trade the difference arising from movements in the price or value of an underlying asset.
Contract	Means any FX Contract or CFD entered into by FXCM with the client or any back to back agreement which FXCM may enter into to enable it to enter into or fulfill its obligations under such contract.
Denominated Currency	The currency in which you have nominated your Account to be denominated.
FOS	The Financial Ombudsman Service.
Forex System Selector	Forex System Selector or "FSS" is an automated Trading Platform offered by FXCM.
FSG	FXCM's financial services guide, including a supplementary or replacement financial services guide.
Future Price	The price is an agreed upon price but delivery and payment will occur at a future date.
FX Contract	Any foreign exchange contract entered into by you and FXCM in respect of an over the counter margined foreign exchange contract.
FXCM Exchange Rate	The foreign exchange rate as FXCM may reasonably determine from time to time having regard to current market rates and which is available to the client from FXCM on request. This rate may be different to the price quoted by FXCM for a FX Contract.
FXCM	FXCM Australia Limited.
FXCM Holdings, LLC	Forex Capital Markets LLC and its divisions, including FXCM Australia Limited.
FXCM Spread	Means the difference between the Bid and Offer prices of a Contract quoted

	from time to time by FXCM and; where appropriate; expressed as a percentage of the relevant price.
Gapping	Gapping is the exposure to loss from failure of market prices or rates to follow a "smooth" or continuous path due to external factors such as world, political, economic and specific corporate events.
Greyed Out	Occurs when liquidity decreases, and counterparties that provide pricing to FXCM are not actively making a market for particular currency pairs.
Interbank Rate	The interbank rate calculated by FXCM with reference to the bid and offer prices for the underlying asset most recently quoted by any one or more third party banks.
Limit Entry/ Limit Order	This is an order to enter the market at a better price than the current one. Limit Orders are only filled at a designated price. When buying, lower prices are better, and when selling, higher prices are better.
Long	In relation to an FX Contract , the party that has bought the FX Contract in opening the position.
Margin	Margin is the minimum amount that you must have in your Account to enter into a FX Contract or a CFD with FXCM. Different Contracts have different Margin Requirements.
Margin Call	Call for additional money to be deposited to your Account in order to maintain your open positions.
Margin Requirement	The amount required to open and maintain a FX Contract .
MetaTrader 4	A type of Trading Platform FXCM offers through which FX Contracts may be transacted.
Minimum Point Increment	Represents the minimum possible price change between two successive transaction prices permitted by FXCM. The Minimum Point Increment can represent either an upward or downward movement in price. The Minimum Point Increment may also be referred to as a "tick" or a "pip".
Minimum Stop Distance	The minimum price distance (from the current quote) at which you may enter a 'risk' or 'stop' level.
National Guarantee Fund	The National Guarantee Fund administered by the ASX.
Offer	The price at which FXCM offers to sell an FX Contract .
PDS	Product disclosure statement.
Referring Broker	A person or organization that solicits and/or refers clients to FXCM and is compensated for the referral as described in Part 2 of this PDS.
Rollover Benefit	An amount you may receive for rolling your FX Contract and holding it as an open position overnight based upon the Rollover Rate multiplied by the notional value of the relevant open position.
Rollover Charge	An amount you may pay for rolling your FX Contract and holding it as an open position overnight based upon the Rollover Rate multiplied by the notional value of the relevant open position.
Rollover Rate	The rate at which you pay or receive interest on FX Contracts that remain open overnight. This is a varying rate dependent upon the applicable rate in the interbank markets, the duration of the rollover period, the size of the position and the FXCM Spread that is applied at FXCM's discretion.
Short	In relation to a FX Contract , the party that has sold a FX Contract in opening the position.
Spot FX	Any foreign exchange contract, entered into between FXCM and a client.
Spot Price	The price that is quoted for immediate (spot) settlement.
Trading Day	5PM AEST – 5PM AEST Monday to Friday.
Trading Platform	FXCM's Trading Station II, Active Trader, MetaTrader 4 and Forex System Selector or any other electronic trading system made available to you by us from time to time.
Trading Station II	FXCM's proprietary Trading Platform through which FX Contracts may be transacted..

Trading Week	5:15 PM Sunday AEST to 4:00 PM Friday AEST, except for public holidays.
Usable Margin	Account Equity less Used Margin. This is the amount you have available to withdraw or to cover additional Margin Requirements.
Used Margin	Sum of your Margin Requirements for all of your current open FX Contracts s.
We, us or our	References to "we", "us" or "our" should be treated as references to FXCM Australia Limited.
Website	www.forextrading.com.au



Product Disclosure Statement

Part 3:

Micro Accounts

Last Update: March 20, 2010

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YOU MUST READ PART 1 OF THIS PRODUCT DISCLOSURE STATEMENT BEFORE YOU PROCEED TO READ THIS PART, PART 3.

Important Information about this Product Disclosure Statement (“PDS”)

FXCM Australia Limited (“FXCM”) is the issuer of this Product Disclosure Statement (“PDS”) for over the counter margined foreign exchange contracts (“FX Contracts”).

Under the Corporations Act 2001 (*Commonwealth of Australia*) (“Corporations Act”), a retail client must receive a PDS from an AFS Licensee before acquiring a financial product. The PDS is the document that sets out the significant features of a financial product, including its risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to the acquisition of our FX Contracts. You may also use this PDS to compare the financial products described with other issuers of similar products.

This PDS contains information about the FX Contracts we offer. This PDS is divided into 3 separate parts.

PART 1 – GENERAL INFORMATION

PART 2 – TRADING STATION II/METATRADER/ACTIVETRADER/FOREX SYSTEM SELECTOR

PART 3- FXCM MICRO **[THIS PART]**

Part 1 includes the General Information about FXCM Australia, Trading with FXCM Australia, Benefits of dealing in FX Contracts with FXCM Australia, Privacy Policy, Dispute Resolution, Taxation Considerations, Cooling-Off Arrangements, Other Available Information, and Glossary.

Part 2 describes the significant features of Trading Station II, MetaTrader 4, Active Trader, and Forex System Selector Trading Stations that FXCM Australia offers. Part 2 also details the fees and charges when trading FX contracts utilizing the abovementioned Trading Stations.

Part 3 provides detailed information on a specific type of account, the FXCM Micro Account. The FXCM Micro account is for traders who prefer trading in small (1K, 2K) lots referred to as Microlots. FXCM Micro uses No Dealing Desk execution.

You must ensure you have read the PDS Part 1 in addition to the Part that is relevant to all the products and/or services you choose for FXCM to provide you with. The PDS is provided in parts in order to provide you efficient knowledge about our products and services in a clear, concise and effective manner.

TRADING A MICRO ACCOUNT WITH FXCM AUSTRALIA LTD.

What is an FXCM Micro Account

An FXCM Micro Account is for traders who prefer trading in small (1k, 2k) lots referred to as Microlots. FXCM Micro uses 100% automated execution. FXCM (through its affiliate Forex Capital Markets, LLC) is the counterparty in FXCM Micro transactions and, therefore, acts as the buyer when you sell and the seller when you buy.

No Dealing Desk Execution

FXCM offers No Dealing Desk (NDD) execution. With NDD, FXCM does not take a market position, which eliminates a major conflict of interest between broker and trader. Every trade is hedged back to back with an FXCM affiliate who in turn hedges with some of the world's premier banks or financial institutions, which compete to provide FXCM with bid and ask prices. These price providers (banks and financial institutions) do not see your stops, limits, and entry orders. The best spreads available to FXCM are streamed to you with a small mark-up. There is no dealer confirmation.

Applying To Trade with FXCM

Before you begin dealing or trading in FX Contracts you must complete an Application Form and be approved by FXCM. Before completing the Application Form you should read this PDS and also the Terms of Business and the FSG.

Operating your Account through the FXCM Trading Station

When using the FXCM Trading Station your open positions may be viewed at any point in real-time, as well as all trades, orders, pending orders and available statements using the combined account report. Under the Terms of Business you agree to use the FXCM Trading Station platform to:

- enter into all FX Contracts with FXCM (phone dealing is available as a backup facility);
- confirm all FX Contracts with FXCM and;
- monitor your obligations to FXCM.

Under the Terms of Business you also agree that FXCM may make available to you documents updating the PDS, the Terms of Business and the FSG, including any supplementary, revised and new product disclosure statements and financial services guides by either:

- posting them on FXCM's website;
- sending them to you by email or other electronic means;
- sending to you an electronic link to the relevant document by email or other electronic means; or
- sending them as otherwise permitted by law.

Opening an FX Contract

A position is opened by either buying (going long) or selling (going short) a FX Contract.

For example, if the current exchange rate for the Australian dollar against the US dollar is quoted to be AUD\USD 0.80, this means that one Australian dollar is equal to 80 US cents.

A foreign exchange quote: e.g. AUD\USD "0.8200\0.8203" represents the Bid\Offer spread (in this case for AUD\USD). This quote means that you can:

- Buy (going long) Australian dollars at 0.8203 against the US dollar; and/or
- Sell (going short) Australian dollars at 0.8200 against the US dollar

Closing an FX Contract

You close an FX Contract by right clicking on the position and selecting "Close Trade" within the FXCM trading station.

SIGNIFICANT FEATURES OF DEALING IN FX CONTRACTS WITH FXCM AUSTRALIA LTD [MICRO ACCOUNT]

Types of FX Contracts issued by FXCM

FXCM offers FX Contracts in the following currency pairs:

EUR/USD	GBP/JPY	AUD/CAD	AUD/NZD	USD/TRY
USD/JPY	USD/DKK	AUD/JPY	AUD/CHF	EUR/TRY
GBP/USD	NZD/JPY	GBP/CHF	EUR/NZD	USD/CAD
USD/CHF	EUR/GBP	EUR/AUD	USD/HKD	GBP/NZD
EUR/CHF	EUR/JPY	EUR/CAD	GBP/CAD	USD/ZAR
AUD/USD	CHF/JPY	CAD/JPY	GBP/AUD	

Should any changes be made to this list, such will be available on the FXCM Trading Station II.

Rollover Charges and Rollover Benefits

What is Rollover?

Rollover is the interest paid or earned when your transaction is rolled. This means that open positions held at the end of the trading day will be rolled over and remain open until the end of the next business day (unless the position is closed). Your FX Contract may be rolled indefinitely provided that you continue to meet your Margin Requirement.

Each currency has an interest rate component associated with it, and because foreign exchange is traded in pairs, every trade involves not only 2 different currencies, but also two different interest rates.

If the interest rate on the currency you bought is higher than the interest rate of the currency you sold, then you will earn Rollover Benefit (positive roll). If the interest rate on the currency you bought is lower than the interest rate on the currency you sold, then you will pay Rollover Charge (negative roll).

Rollover Charges or Rollover Benefits can add a significant extra cost or profit to your trade.

The FXCM Trading Station automatically calculates and reports all Rollover Charges or Rollover Benefits for you. The Rollover Rates are available via the FXCM Trading Station.

Rollover Examples

When you buy the EUR/USD currency pair, you are buying the Euro against the US Dollar. If the Euro interest rate is 4.00%, and the US interest rate is 2.25%, you are buying the currency with the higher interest rate, and you will earn Rollover Benefit - about 1.75% on an annual basis. If

you sell the EUR/USD pair, you are selling the currency with the lower interest rate, and you will pay a Rollover Charge - about 1.75% on an annual basis, since you are paying the Euro interest rate and earning the US interest rate.

When is the Rollover Charge or Rollover Benefit booked to your Account?

5.00pm EST in New York is considered the beginning and end of the Trading Day in FX Contracts. Any positions that are open at 5.00pm EST are considered to be held overnight, and are subject to being rolled. A position opened at 5:01pm EST is not rolled until the next day, while a position opened at 4:59 PM EST is subject to being rolled at 5.00pm EST.

A credit (in the case of Rollover Benefit) or debit (in the case of Rollover Charge) for each position open at 5.00pm EST is applied directly to your Account's balance.

Weekends and Holidays:

Most banks across the globe are closed on Saturdays and Sundays, so positions are not rolled on these days, but most banks still apply interest for those two days.

To account for that, FXCM books 3 days of Rollover_Charge or Rollover Benefit on Wednesdays, which makes a typical Wednesday rollover three times the amount on Tuesday. Positions are not rolled on holidays, but an extra day's worth of Rollover Charge or Rollover Benefit is incurred 2 Trading Days before the holiday. Typically, this happens if any of the currencies traded have a major holiday. Therefore, Independence Day in the USA, July 4, closes American banks, and an extra day of rollover is added at 5.00pm on July 1 for all US dollar currency pairs.

Where is Rollover Charge or Rollover Benefit shown?

FXCM closely tracks and clearly displays Rollover Rates. Our policy is that Rollover Rates are displayed on the FXCM Trading Station one full day before they are posted to your Account.

Here is an example of Rollover Rates.

Advanced Dealing Rates (12)		Simple Dealing Rates (12)							
Currency	Sell	Buy	Spre...	High	Low	Roll S	Roll B	Pip Cost	
EUR/USD	1.47491	1.47510		1.46343	1.46343	1.50	-2.90	10.00	
USD/JPY	109.730	109.760		109.550	109.550	-12.00	10.50	9.11	
GBP/USD	2.06054	2.06089		2.05866	2.05866	-7.00	5.40	10.00	
USD/CHF	1.11775	1.11800		1.11600	1.11600	-6.90	5.60	8.95	
EUR/CHF	1.64878	1.64910	3.2	1.65770	1.64651	-7.60	5.60	8.95	

To view today's Rollover Rates, use the "Simple Dealing Rates" view. Click on the Simple Dealing Rates tab at the top of the Dealing Rates window. The Rollover Rates for all the currency pairs are in the "Roll S" and "Roll B" columns. Roll S will show you how much Rollover Charge you will pay or how much Rollover Benefit you will earn if you sell 1 FX Contract of the currency pair (and leave the position open at 5.00pm). If the number shown is negative, you pay that amount as a Rollover Charge. If the number is positive, you earn that amount as a Rollover Benefit. The amount calculated is in the Denominated Currency of your Account, which means that if the Account is in US dollars, the Rollover Charge or Rollover Benefit is shown in US dollars.

Do Rollover Rates and policies vary between providers of margined foreign exchange contracts?

Yes. In addition to our policy of complete transparency in disclosing Rollover Rates, as the FXCM Group has over 100,000 live accounts trading through FXCM's trading platform, it generates over

\$350 billion per month in notional trading volume to the banks it deals with. Accordingly, FXCM has negotiated with its banks and is able to pass to its clients outstanding Rollover Rates on both sides of every currency pair.

Minimum trade sizes

Account Type	Default Margin Level	Lowest Available Margin Level
1K	\$2.50 per lot (approximately .25%)	\$2.50 per lot

Pricing

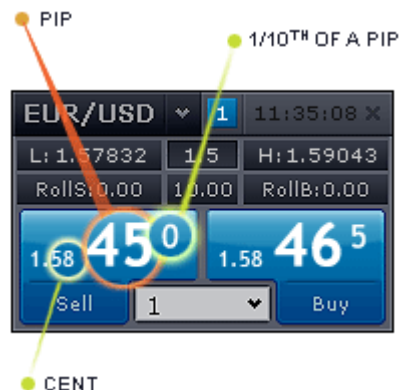
How are FX Prices Determined by FXCM

FXCM feeds real-time streaming prices into the FXCM Trading Station for Micro Accounts. These prices update dynamically tick by tick with the slightest market move. They are not simply indications of where the underlying market is trading but actual executable prices where clients can buy or sell the currency pair.

How to Read the Dealing Rates

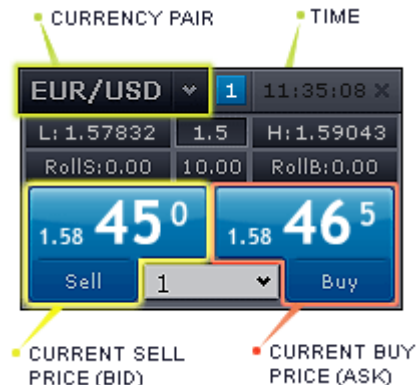
Many institutions in the forex market quote prices down to 1/100th of a cent in the Euro/US dollar currency pair. 1/100th of a cent is called a "pip"; therefore, a change in the price of a euro from \$1.4613 to \$1.4614 is a change of one pip.

FXCM Micro actually shows prices with an even greater degree of precision, down to 1/10th of a pip (which is 1/1000th of a cent). Forex prices are always quoted in pairs, such as the Euro to the US dollar (abbreviated EUR/USD). The price shown in the dealing rates box to the right defines how much of the second currency 1 unit of the first currency is worth. For example, a EUR/USD buy price of 1.46160 means that it takes \$1 and 46.160 cents to buy 1 euro.

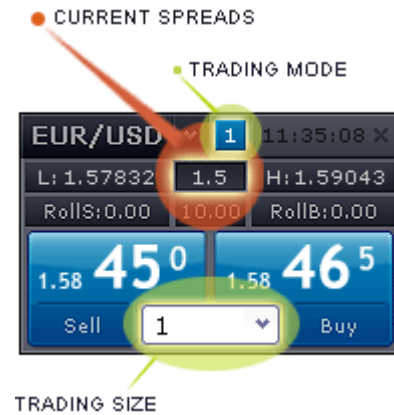


Advanced Dealing Rates

- **Sell Price:** Also known as the "Bid Price," this is the price at which you can currently sell. Quoted to 1/10th of a pip.
- **Buy Price:** Also known as the "Ask Price," this is the price at which you can buy.
- **Currency Pair:** This shows the currencies you are currently trading; in this example, the Euro/ US dollar.
- **Current Spread:** The current difference between the Buy and the Sell price, shown in pips. This is your main cost of trading.
- **Low Price:** The lowest Sell price touched in the current day of trading.
- **High Price:** The highest Buy price touched in the current day of trading.
- **Time:** The last time the price was updated.
- **Trade Size:** You can select how many lots you want to trade when in one-click trading mode.



- **Trading Mode:** This field shows you what trading mode you are in. This account is in One-Click Trading mode.



Pip

In currency trading, price movements are measured in pips, as opposed to ticks which are used to measure price movements in many other financial instruments.

For all currency pairs except those for which JPY is the counter-currency (second currency), the place value of a pip is the fourth digit to the right of the decimal point.

EXAMPLE: A movement in the price of EUR/USD from 1.4780 to 1.4781 would be a change of 1 pip.

For all currency pairs for which JPY is the second currency, the place value of a pip is the second digit to the right of the decimal point.

EXAMPLE: A movement in the price of USD/JPY from 109.36 to 109.37 would be a change of 1 pip.

What is Pip Cost?

The pip cost is the monetary value of a pip in terms of the currency in which the account is denominated. The monetary value of a pip is determined by the counter-currency (second currency) of the currency pair but is converted into the equivalent amount of the currency in which the trading account is denominated.

EXAMPLE: For AUD-denominated accounts, the pip cost is expressed in AUD per 1k lot.

The Gross P/L column displays the value of the profit or loss expressed in terms of account currency. It is determined by taking the profit or loss in pips (P/L) and multiplying it by the value of a pip (Pip Cost).

EXAMPLE: For AUD-denominated accounts, the Gross P/L is expressed in terms of AUD.

Your Margin obligations to FXCM

The Margin you need when you open a FX Contract with FXCM

The FX Contracts offered by FXCM will be subject to Margin Requirements i.e. clients must deposit funds for security / margining purposes. Accordingly, you are responsible to meet all Margin Requirements required by FXCM.

What is leverage or Margin?

“Trading on Margin,” and “Trading with leverage” are two ways to describe the same thing; the ability to trade a position larger than the amount of money in your account. Leverage is

expressed as a ratio, for example 200:1 or 100:1. Margin is expressed as a percentage of position size, for example 5% or 1% or in monetary terms, such as \$50 or \$2,000. FXCM sets margin in terms of required margin per lot. One lot of a FXCM Micro account is 1,000 units of currency. (A unit of currency could be one dollar, one euro, one pound, etc.) Therefore, \$2.50 in funds allows you to trade 1,000 units. (For simplicity, FXCM Micro requires \$2.50 in funds for every 1K lot traded, regardless of the currency pair you choose to trade.)

Example of margin, using a FXCM Micro 1K account

Leverage:	Margin %:	Margin \$:
400:1	0.25%	\$2.50

When you enter into a FX Contract with FXCM and while that transaction remains open you need to have sufficient Usable Margin in your FXCM Account to satisfy the Used Margin amount for the relevant number of FX Contracts you hold. Examples of the calculation of the Margin Requirement are listed below. You should refer to the current Margin percentages per instrument which are listed on the FXCM Trading Station.

The FXCM Trading Station will calculate in real time both the Margin Requirement and the remaining Usable Margin in your Account. You can see them stated in the accounts window of the FXCM Trading Station under the columns "Usd Mr" (Used Margin), and "Usbl Mr" (Usable Margin). If the UsblMr column reaches zero, a Margin Call will be triggered on the Account, and some or all open positions may be liquidated.

Example:

Account 1234 has a balance of \$1,000 and is on 0.25% margin requiring \$2.50 for each 1,000 in open positions. Account 1234 buys 3,000 USD/JPY and sells 5,000 EUR/USD. As the account has 8,000 in open positions this trader is required to have at least \$8,000 in equity to margin these positions. As this trader has \$1,0000 in his account the most this trader can loose before triggering a margin call is about \$980.

Q. What is Used Margin?

A. Margin is the amount that you must have in your Account to enter into FX positions with FXCM.

The level of Margin required to open and maintain a FX Contract is called the "Used Margin".

Margin Requirements can fluctuate from intraday, to overnight to over the weekend. Please refer to the FXCM Trading Station for current levels of Margin Requirements.

Q. What is my Usable Margin?

A. Usable Margin is the funds available for entering new positions. It is also the amount of funds you have until open positions in your Account are liquidated or closed out by FXCM.

Your "Usable Margin" is the difference between:

- Your Account Equity; and
- any Used Margin set aside to fund open positions.

Usable Margin = Account Equity - Used Margin

Q. What is a Margin Call by FXCM?

A. A Margin Call is a closeout or liquidation of all of your open positions when your Usable Margin reaches "0".

Margin Call

If your open FX Contracts move against you and your Usable Margin falls to "0", all your open positions closed out by FXCM.

FXCM does not provide notice prior to a margin call. It is **your responsibility to actively monitor and manage your open positions** and your obligations, including ensuring that you meet your Margin Requirement and the Usable Margin exceeds "0". It is also your responsibility to ensure you are aware of any changes in the Margin Requirement or where the Usable Margin is approaching "0". FXCM is under no obligation to contact you in the event of any change to the Margin Requirement or where the Usable Margin approaches or falls to "0" or advise you of any actual or potential shortfalls in your Account.

FXCM does not represent or warrant, or give any assurance that your open positions will be closed out at any particular level. Accordingly, your losses may be higher than what they would have been had FXCM exercised its right to place a liquidation order.

Furthermore, you will be liable for all losses incurred, despite FXCM having had the right to close out your position at a time before you incurred those additional losses. Any such loss may result in you losing all moneys that you have deposited in your Account with FXCM, but you will not be liable for debit balances in your Account in excess of the moneys that you have deposited, that is not directly resulting from trading activity.

Changes in Margin Requirement

As per the Terms of Business, FXCM may exercise its right to alter the Margin Requirement of any FX Contract at any time at its discretion. This, in turn, alters your Used Margin.

For current details of the Margin Requirements we refer you to the FXCM Trading Station.

Hedging

Hedging allows you to buy and sell the same pair at the same time without putting up additional margin. Hedging can also be used by traders who want to implement both long-term and short-term strategies on one trading account. For example, you can have a buy position that you are intending on holding for several days or weeks at a time, and still be able to sell intraday dips in the short term.

How to Set Up a Hedged Trade

Simply buy or sell a currency pair, then do the opposite. For example: buy 1 lot of EUR/USD:



Ticket	Account	Currency	Amt (K)	S/B	Open	Close	Time
10403988	00201216	EUR/USD	1	B	1.44717	1.44691	11/5/2007 10:59
Total			1				

Then, sell 1 lot of EUR/USD:

Open Positions (2)							
Ticket	Account	Currency	Amt (K)	S/B	Open	Close	Time
10404121	00201216	EUR/USD	1	S	1.44692	1.44718	11/5/2007 11:08
10403988	00201216	EUR/USD	1	B	1.44717	1.44691	11/5/2007 10:59
Total			2				

Now you have a hedged trade in EUR/USD. You can see in the "S/B" column the one position that you bought and the one that you sold. If the EUR/USD rises, you have a profit in the buy position and a loss in the sell position. If it falls, the exact opposite applies.

Accounts (1)						
Account	Balance	Equity	Day P/L	Usd Mr	Usbl Mr	
00237966	2,964.77	2,948.57	-41.11	150.00	2,798.57	
Total	2,964.77	2,948.57	-41.11	150.00	2,798.57	

You can see your required margin in the "Usd Mr" column in the "Accounts" window. You are holding 2 micro lots of EUR/USD, but since this is a hedged trade, you need only to set aside \$2.50 of used margin, which is the margin requirement for only holding 1 lot.

What is the Margin Requirement for maintaining a hedged position?

The margin requirement margin in the "Usd Mr" column in the "Accounts" window. You are holding 2 microlots of EUR/USD, but since this is a hedged trade, you need only to set aside \$2.50 of used margin, which is the margin requirement for only holding 1 lot.

Conflicts of interest

FXCM, its associates or other persons connected with FXCM may have an interest, relationship or arrangement that is material in relation to any FX Contract entered into with FXCM, or advice provided by FXCM.

FXCM is a market-maker, not a broker. Accordingly, you will be trading FX Contracts directly with FXCM, and not on any financial market. As a market maker, FXCM sets the prices that refer to, but may not always be the same as, those provided by other market makers. FXCM will always act as a principal, not as an agent, for its own benefit in respect of all FX Contracts with you.

Varying Prices of Clients

FXCM in its absolute discretion may quote different prices, Rollover Charges, Rollover Benefits and other charges at different rates, to different clients.

Fees and charges when dealing in FX Contracts on Micro Accounts

Fees and charges when dealing in FX Contracts on Micro Accounts may incorporate any or all of the following:

- Margin adjustments;
- Rollover at FXCM's Rollover Rates;
- Interest charges applied to debit balances in your Account;
- Administration charges.

Fees and charges may change from time to time. Accordingly, you should ensure that you refer to this PDS for further details.

Administration charges

Wire Fees

FXCM does not charge a fee in order to setup your account or to deposit funds but there is an administrative charge in order to withdraw funds from your account. Wire request fees are below:

CCY	Domestic Payments*	International Payments
USD	25	40
NZD	30	30
AUD	30	30
EUR	30	35
GBP	20	15

*Australia and New Zealand

Dormant accounts 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. The fee will be equal to or the lesser of \$50 or the remaining balance in your account. Upon assessment of this fee, your account will automatically be closed.

Credit Card Fees

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

Conversion Fees

Any administrative conversions will be made at the bank rate or at the prevailing spot rate shown on the FXCM Trading Station 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.

FXCM Mobile TS II Trading System Fees (MICRO))

If you are trading via an 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.

Withdrawal of Money from your Account

You may withdraw money from your Account by sending to us a signed electronic withdrawal request specifying your personal details, Account number, the amount you wish to withdraw and the method of payment. If you do not wish to close your account, you will need to maintain a minimum balance of AUD 2.50 or foreign currency equivalent.

Further, FXCM may at its discretion withhold any payments if:

- open positions on your Account show unrealised losses;
- FXCM reasonably considers that funds may be required to meet any current or future Margin Requirement on open positions;
- you have any contingent liability to FXCM or to any of its associates in respect of any other Account you have opened with them;
- FXCM reasonably determines that there is an unresolved dispute between you and FXCM; and/or
- FXCM considers it necessary or desirable to enable FXCM to comply with regulatory/legal obligations.

FXCM will not pay funds to any third party account. Funds requested for withdrawal will only be paid to an account in the same name as the Account held with FXCM.