Product Disclosure Statement

Spot Contracts and Forward Exchange Contracts

The information contained in this document is general in nature and has been prepared without taking into account your specific objectives, financial situation or risk management requirements. Before acquiring a financial product offered under this document, you should consider whether it is appropriate, relative to your own financial and risk management objectives.

Issuer: EncoreFX (Australia) Pty Ltd
ABN 42 607 244 879 AFSL 479 870

Important information

Issuer and contact details

This Product Disclosure Statement (PDS) is dated 13 February, 2018 and is issued by EncoreFX (Australia) Pty Ltd ABN 42 607 244 879 AFSL 479 870 ('EncoreFX', 'we', 'us', 'our'). It is an essential document regarding EncoreFX's Spot Contracts and Forward Exchange Contracts. This PDS outlines the benefits, risks and costs of using Spot Contracts and Forward Exchange Contracts for commercial hedging purposes.

General advice only

The purpose of this PDS is to provide relevant information for you to determine whether a Spot or Forward Exchange Contract is an appropriate foreign exchange risk management product for your particular risk management requirements and financial circumstances. This PDS explains the features, risks and costs of the Spot Contracts and Forward Exchange Contracts offered by EncoreFX. This PDS should be read carefully before entering into a Spot Contracts and Forward Exchange Contracts product and a copy should be retained for future reference.

Suitability

A Spot or Forward Exchange Contract may be suitable for you if you have a very good understanding of advanced foreign exchange hedging strategies and markets. If you are not confident about your understanding of the material contained in this PDS we strongly encourage you to seek independent advice before entering into a Spot Contracts and Forward Exchange Contract. Please contact your EncoreFX representative for further information.

Updated information

Information in this PDS may change from time to time. If there is any material adverse change to the information contained in this PDS, then EncoreFX will issue a supplementary or replacement PDS. However, if the change is not materially adverse, then EncoreFX will give you a copy of the updated information without charge on request. If you have received this PDS electronically, then EncoreFX will also give you a paper copy of the PDS free of charge, on request. EncoreFX's contact details appear in section 13.

Jurisdiction

The Offer under this PDS is available to persons receiving the PDS within Australia only. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. This PDS does not constitute an offer to any person to whom, or in any place in which, it would be illegal to make that offer.

Defined terms

Capitalised terms used in this PDS have the meaning given to them in the Glossary in section 14 unless the context requires otherwise.

1 About EncoreFX

EncoreFX is the issuer of this PDS and of the derivative products described in this PDS.

EncoreFX was launched in 2016 by a team of foreign exchange professionals who share a vision for how corporate FX business should be done. We take great pride in helping clients achieve their unique foreign exchange operational and risk management goals.

Our foundation is built on many years of foreign exchange market experience and professional knowledge. We have helped thousands of businesses enjoy greater success through their foreign exchange operations.

EncoreFX empowers businesses to make smarter financial decisions through access to premier foreign exchange transaction and risk management solutions. We offer a full suite of FX services and hedging solutions—all tailored to each client's unique needs—giving our clients more certainty over their exchange rates.

Our approach and technical sophistication provide our clients with foreign exchange solutions typically reserved for large multi-national corporations.

Further information about EncoreFX be found at www.encorefx.com.au.

2 What is the purpose of using Spot or Forward Exchange Contracts?

The purpose of foreign exchange products such as Spot Contracts and Forward Exchange Contracts is to facilitate management of foreign exchange risk for those with foreign currency exposure, such as importers and exporters, to protect against adverse exchange rate movements. These products enable future exchange risk to be hedged, and provide certainty of foreign exchange rates and exposures.

3 Spot Contracts

3.1 What is a Spot Contract?

A Spot Contract is the most basic and popular foreign exchange product. It is a binding obligation to buy or sell a certain amount of foreign currency at the current market rate, for settlement within two business days.

3.2 Risks of Spot Contracts

Although the spot market lets you buy or sell currency as you need it, spot exchange rate movements are highly unpredictable and volatile, even during a single trading day. Relying on the spot market for future foreign exchange requirements is a high risk strategy. It can expose your company's cash flow to the risk of unfavourable changes in foreign currency values.

3.3 Benefits of Spot Contracts

The primary benefit of a Spot Contract is to allow you to make and receive foreign currency payments, giving you the ability to transact in foreign trade offshore.

Spot Contracts can be settled in less than two business days if we are in receipt of cleared funds for payment. Along with paying and receiving funds directly from suppliers or clients, Spot Contracts can also be used to settle letters of credit.

3.4 How does a Spot Contract work?

Example

You are an importer and need to make a payment of USD 100,000.00 to an offshore supplier in two business days. You need to sell AUD and buy USD to make this payment.

You wish to enter into a Spot Contract with EncoreFX today to fix a Foreign Exchange Rate where you buy USD 100,000.00 and sell AUD in 2 business days. You contact EncoreFX and ask for a Foreign Exchange Rate. EncoreFX quotes you a Foreign Exchange Rate of AUD/USD 0.7690.

If you accept this quote (which can be done verbally), a Spot Contract is entered into between you and EncoreFX.

The AUD equivalent is calculated by dividing the USD amount by the current AUD/USD Foreign Exchange Rate:

USD 100,000.00 ÷ AUD/USD 0.7690 = AUD 130,039.01

By entering into the Spot Contract with EncoreFX, on the Settlement Date you must buy USD 100,000.00 from EncoreFX in exchange for AUD 130,039.01.

This example is used for illustrative purposes only. Actual exchange rates will depend on actual market rates on the date of calculation.

3.5 Costs of a Spot Contract

EncoreFX sets its Foreign Exchange Rate to you by applying a Retail Mark-up to the wholesale exchange rate that it receives from its hedging counterparties and/or liquidity providers. EncoreFX determines this Retail Mark-up by taking account of a number of factors, including:

a) the size of the transaction measured by the Notional Amount, where the smaller the Notional Amount the larger the Retail Mark-up may be;

b) the currency pair where the less liquidity in the pair the greater the Retail Mark-up may be;

c) market volatility where high volatility may result in an increased Retail Mark-up;

d) the time zone you choose to trade in where if trading on public holidays or weekends may see increased Retail Mark-ups; and

e) the frequency with which you trade with EncoreFX, where the more frequently you transact, the Retail Mark-up may be reduced.

Using the example in section 3.4 above, let us assume EncoreFX can access a wholesale AUD/USD Foreign Exchange Rate from its counterparty of 0.7700. As EncoreFX has offered the client a Foreign Exchange Rate of 0.7690, there is a Retail Mark-up of 10 points (or 0.0010) on the wholesale rate that EncoreFX can access. The cost to EncoreFX of acquiring USD 100,000 is therefore AUD 129,870.13 and the cost to the client is AUD 130,039.01. This results in a margin to EncoreFX of AUD 168.88 on the transaction.

4 Forward Exchange Contracts

4.1 What is the purpose of Forward Exchange Contracts (Forward Exchange Contract)?

A Forward Exchange Contract lets your company buy or sell one currency against another, for settlement at a future date. Unlike Spot Contracts, a Forward Exchange Contract almost eliminates the uncertainty of fluctuating exchange rates by locking in a price today. This hedging instrument is ideally used for protecting your future cash flow against negative currency fluctuations and also eliminates some of the uncertainty of doing business abroad.

4.2 How does a Forward Exchange Contract work?

To take out a Forward Exchange Contract, you need to advise us of the Notional Amount, both currencies involved and the Settlement Date you would prefer. Pricing of the Forward Exchange Contract will depend on a number of factors, including the Settlement Date chosen, the current Spot Rate and, in each currency pair, the current interest rates and current forward exchange rate (comprised of the interbank, professional market rate plus credit, risk and liquidity premiums).

4.3 Forward Points

Forward Points are a fraction of the Quote Currency that are added to, or subtracted from, the Spot Rate to create the Forward Exchange Rate applicable to your specific Forward Exchange Contract. For example, 50 Forward Points in a AUD/USD exchange rate quote, would equal 0.50 cents of the Quote Currency (USD). The calculation of the Forward Points is based on a number of factors including, but not limited to, the following:

- The differing interest rates prevailing in the two currencies nominated in the Forward Exchange Contract.
- The volatility and unpredictability of the exchange rates of the two currencies in the Forward Exchange Contract.
- The transaction size and EncoreFX's ability to offset the transaction in the interbank market.

Once you have committed to a Forward Exchange Contract, you will receive a confirmation with all relevant details.

Example

You need to make a payment of USD 100,000.00 to an offshore supplier in 12 months. You need to sell AUD and buy USD to make this payment.

You wish to enter into a Forward Exchange Contract with EncoreFX today to fix a forward Foreign Exchange Rate at which you will buy USD 100,000.00 and sell AUD in 12 months.

Assume the following:

a) The current AUD/USD spot exchange rate 0.7600.

b) EncoreFX offers you a forward Foreign Exchange Rate of 0.7240.

c) At the forward Settlement Date (in 12 months), the AUD/USD Spot Rate is 0.6840.

If you enter into the Forward Exchange Contract with EncoreFX, on the forward Settlement Date you must buy USD 100,000.00 from EncoreFX in exchange for AUD 138,121.55 (USD 100,000.00 ÷ 0.7240). If you entered into a Spot Contract on the forward Settlement Date instead of a Forward Exchange Contract, then you would have to buy USD 100,000 for AUD 146,198.83 (USD 100,000 ÷ 0.6840). The cost of the Forward Exchange Contract is AUD 8,077.28 lower than the cost of using a Spot Contract. However, if the AUD/USD exchange rate increases over the term of the Forward Exchange Contract, then you would not receive any of the benefits of that increase, and the cost of the Forward Exchange Contract would be greater than the costs of a Spot Contract.

This example is used for illustrative purposes only. Actual exchange rates will depend on actual market rates on the date of calculation.

For more information on how a forward contract rate is determined please contact your dealer or EncoreFX representative.

4.4 Features of a Forward Exchange Contract

The term of a Forward Exchange Contract can range between three business days to one year depending on your credit terms with EncoreFX. A longer term may be considered on a case-by-case basis. Other features of a Forward Exchange Contract include the following:

(a) Historical Rate Rollover Extensions

At any time up to the Settlement Date, you may ask EncoreFX to extend the Settlement Date of your Forward Exchange Contract. This is referred to as a Historical Rate Rollover Extension (HRRE). All HRRE's are subject to prior approval by EncoreFX and may be declined at our sole discretion. We will only approve HRREs where there is an underlying business purpose.

If EncoreFX agrees to extend your Settlement Date, the exchange rate of your Forward Exchange Contract will be altered. The new exchange rate will reflect a number of factors including your existing Forward Exchange Contract rate, the Spot

Rate and market interest rates. It will also reflect any funding implications where your Forward Exchange Contract is either "in the money" (ITM) or "out of the money" (OTM). This is determined by EncoreFX comparing the value of your Forward Exchange Contract with the prevailing market Spot Rate. If the value of your Forward Exchange Contract is greater than the prevailing market Spot Rate, you will have an ITM position (and will thereby be extending credit to us); if the value of your Forward Exchange Contract is less than the prevailing market Spot Rate you will have an OTM position (and EncoreFX will thereby be extending credit to you).

If the HRRE is agreed upon, we will send you a confirmation detailing the amendment.

(b) Pre-delivery of a Forward Exchange Contract

After entering into a Forward Exchange Contract, you may wish to bring the agreed Settlement Date forward. This is called pre-delivery.

If EncoreFX agrees to the pre-delivery, we may carry out an adjustment to the original Forward Exchange Contract rate to reflect this earlier delivery.

You should note that while in normal trading conditions an adjustment for pre-deliveries or extensions may be somewhat marginal, it is probable in times of extreme volatility in the foreign exchange market that the adjustment can be significant.

It should also be noted that in each case there is a contract to effect full delivery of the contract no later than the Settlement Date and any agreement to effect a pre-delivery is at our sole discretion.

It is also possible that an adjustment is made to any Margin Deposit or Additional Margin Deposits held by EncoreFX (refer to section 4.9(a) below).

(c) Partial pre-delivery of a Forward Exchange Contract

You may also wish to bring forward the Settlement Date on a portion of the amount of your Forward Exchange Contract. If agreed upon, we may carry out an adjustment to the original Forward Exchange Contract rate on that portion of the amount that you wish to pre-deliver. The balance of the face value of the Forward Exchange Contract shall remain due at the original exchange rate on the original Settlement Date.

4.5 Settlement and Delivery of a Forward Exchange Contract

On the Settlement Date of your Forward Exchange Contract, you are required to deliver the currency that you are exchanging in accordance with the exchange rate determined by EncoreFX and agreed by you at the time the Forward Exchange Contract was entered into. Upon receipt of cleared funds, we will pay you or your nominated beneficiary the amount of currency that you have purchased.

EncoreFX can deliver payment to you or your nominated beneficiary either by initiating a telegraphic transfer to a bank account or through the physical delivery of a draft in accordance with your instructions to us.

4.6 Risks of a Forward Exchange Contract

The specific risks associated with a Forward Exchange Contract include the following:

- Although a Forward Exchange Contract lets you buy or sell currency to be settled at a future date, foreign exchange movements are highly unpredictable, even during a single trading day.
- A Margin Deposit (usually around 10%) of the total transaction is required to enter into a Forward Exchange Contract. You may be required, on short notice, to provide an Additional Margin Deposit if your Forward Exchange Contract goes OTM. A failure to pay an Additional Margin Deposit when required can result in the enforced liquidation of your position as well as additional losses.
- Entering into a Forward Exchange Contract locks in the exchange rate for the future delivery date, which precludes any potential financial benefit (or loss) resulting from subsequent Foreign Exchange Rate movements.

- If the underlying purpose for entering into the transaction changes, and you seek to change or cancel the Forward Exchange Contract, losses may be incurred.

4.7 Benefits of a Forward Exchange Contract

Some of the benefits of utilising a Forward Exchange Contract for hedging purposes are as follows:

- A Forward Exchange Contract is a simple method of covering foreign exchange risk, without having to worry about unfavourable movements in exchange rates.
- Overcomes the problems in budgeting as you can now budget at a fixed rate of exchange.
- You can choose to settle the whole amount of the contract on one date, or you can take parts of the amount throughout the contract period.
- Allows you to set your pricing and rest assured that your costs will not increase.

4.8 Costs of a Forward Exchange Contract

EncoreFX sets its Foreign Exchange Rate to you by applying a Retail Mark-up to the wholesale exchange rate that it receives from its hedging counterparties and/or liquidity providers. EncoreFX determines this Retail Mark-up by taking account of a number of factors, including:

- the size of the transaction measured by the Notional Amount, where the smaller the Notional Amount the larger the Retail Mark-up may be;
- the currency pair where the less liquidity in the pair the greater the Retail Mark-up may be;
- the time to maturity;
- market volatility where high volatility may result in an increased Retail Mark-up; and
- the frequency with which you trade with EncoreFX, where the more frequently you transact, the Retail Mark-up may be reduced.

Using the example in section 4.3 above, let us assume EncoreFX can access a wholesale AUD/USD Foreign Exchange Rate from its counterparty of 0.7300. As EncoreFX has offered the client a Foreign Exchange Rate of .7240, there is a Retail Mark-up of 60 points (or 0.0060) on the wholesale rate that EncoreFX can access. The cost to EncoreFX of acquiring USD 100,000 is therefore AUD 136,986.30 and the cost to the client is AUD 138,121.55. This results in a Retail Mark-up to EncoreFX of AUD 1,135.25 on the transaction.

4.9 Credit requirements

Over the life of a Forward Exchange Contract, as the Spot Rate moves, the Forward Exchange Contract may be 'In the Money' (ITM) or 'Out of the Money' (OTM) or 'At the Money' (ATM). That is, if the Forward Exchange Contract had to be cancelled at any time, it would result in a gain (ITM) or a loss (OTM) or breakeven (ATM).

To manage the market risk when a Forward Exchange Contract is entered into, EncoreFX may initially secure the Forward Exchange Contract by taking an advance partial prepayment/cash deposit from you (Margin Deposit). Alternatively, EncoreFX may apply this market risk against your trading limit (refer to section 4.9(b) below).

(a) Margin Deposit and Additional Margin Deposits

The Margin Deposit represents an advance pre-payment of the Forward Exchange Contract and is taken to secure EncoreFX's potential exposure resulting from adverse OTM currency movements. Your Margin Deposit will reduce the final payment that you are required to make on the Settlement Date. The Margin Deposit that we require will be determined as a percentage of the value of the Forward Exchange Contract that you have entered and is generally about 10% of the value of the transaction. EncoreFX may determine this percentage at its discretion based on a number of factors including the value of your outstanding Forward Exchange Contract's, your current financial position/credit rating and the prevailing market conditions.

The Margin Deposit must be paid within two business days. In the event that the Margin Deposit is not received within two business days, EncoreFX may close out your account and terminate the contract as well as terminate and close out any other pending transactions with you and set off amounts owed to you (including any gains on contracts closed out (terminated) against any losses incurred and amounts then owing to EncoreFX by you).

Should a Forward Exchange Contract (or the net position of your Forward Exchange Contract portfolio) move OTM in excess of the Margin Deposit or your trading limit, EncoreFX will secure this increased market risk through an additional partial prepayment (Additional Margin Deposit). An Additional Margin Deposit is required from you to bring the net market risk exposure to zero. Additional Margin Deposits represent a pre-payment of the Forward Exchange Contract by you. If an Additional Margin Deposit is triggered, EncoreFX will advise you immediately. Payment of the Additional Margin Deposit must be made within two business days of the request. If you fail to pay an Additional Margin Deposit, EncoreFX may, in its discretion, choose to cancel some or all of your Forward Exchange Contracts. At the same time, EncoreFX can also terminate and close out any other pending transactions with you and set off amounts owed to you (including any gains on contracts closed out (terminated) against any losses incurred and amounts then owing to EncoreFX by you). In such circumstances, you will be liable to EncoreFX for all costs associated with terminating the relevant contracts.

(b) Trading limits

EncoreFX may choose to waive the requirement of a Margin Deposit by applying the required amount (or notional deposit) against a trading limit. The trading limit is dependent upon your credit history/rating, strength of financial statements, as well as other factors determined at EncoreFX's sole discretion. EncoreFX may review and amend your trading limit at any time.

There are two methods that may be used by us in respect of your trading limits:

(i) Against individual contracts, EncoreFX may waive the need for a Margin Deposit by applying the required deposit of each Forward Exchange Contract against a trading limit. The Forward Exchange Contract is regularly revalued over the period of the Forward Exchange Contract.

(ii) Against customer portfolios, EncoreFX may allocate a trading limit against the net position of your entire portfolio of open Forward Exchange Contracts, and any other open contracts that you may have with EncoreFX. We revalue every contract in your portfolio daily, and if the net position (ITM or OTM) are within your trading limit you will not be required to pay an Additional Margin Deposit. If, however the revaluation results in net exposure exceeding your trading limit, an Additional Margin Deposit will be required to take your net exposure to zero.

4.10 Instructions and confirmations

The commercial terms of a particular Forward Exchange Contract will be agreed and binding at the time of dealing. This may occur verbally over the phone, electronically or in any other manner set out in the Master Terms and Conditions for doing business with EncoreFX.

Shortly after entering into a Forward Exchange Contract, EncoreFX will send you a confirmation outlining the commercial terms of the deal. This confirmation is intended to reflect the transaction that you have entered into with EncoreFX. It is important that you check the confirmation to make sure that it accurately records the terms of the transaction. You should note however that there is no cooling-off period with respect to a Forward Exchange Contract and that you will be bound once your original instruction has been accepted by EncoreFX regardless of whether you sign or acknowledge a confirmation. In the event that there is a discrepancy between your understanding of the Forward Exchange Contract and the confirmation it is important that you raise this with us as a matter of urgency.

5 Risks

Whenever you choose to purchase our products, you are moving your money out of your secure banking environment, and are subjecting that money to various risks, some of which are summarised below. It is important that you carefully consider whether trading our products is appropriate for you in light of your business objectives, financial situation and needs.

In addition to the risks set out in the sections of this PDS dealing with specific products the following risks may also be applicable:

5.1 Foreign exchange risk

Once you have entered into a Spot Contract or Forward Exchange Contract with us, you will have locked in a Foreign Exchange Rate, so your transaction will not be affected by subsequent Foreign Exchange Rate movements. While you will be protected from adverse Foreign Exchange Rate movements you will, equally, not benefit from favourable Foreign Exchange Rate movements. However, in deciding whether or not to enter into a Spot Contract or a Forward Exchange Contract, you need to appreciate the risk of not doing so.

Foreign exchange currency markets are subject to many influences which may result in rapid currency fluctuations. Those influences are unpredictable and often entirely unforeseen. They include such things as changes in a country's political situation, changes in the global economic climate and natural disasters, any of which may substantially affect the price or availability of a given currency.

5.2 Counterparty risk

You are dealing with us as a counterparty to every transaction, so you will have a credit-related exposure to us in relation to each transaction. In all cases, you are reliant on our ability to meet our obligations to you under the terms of each transaction. This risk is sometimes described as counterparty risk.

We may choose to limit our exposure to you by entering into opposite transactions as principal in the wholesale market. There is therefore also a risk that any parties with whom EncoreFX contracts to mitigate its exposure when acting as principal to the Forward Exchange Contract (by taking related offsetting or mitigating positions) may not be able to meet their contractual obligations to EncoreFX. This means that EncoreFX could be exposed to the insolvency of these counterparties and to defaults by these counterparties. If a counterparty is insolvent or defaults on its obligations to EncoreFX, then this could give rise to a risk that EncoreFX defaults on its obligations to you.

You are also subject to our credit risk. If our business becomes insolvent, we may be unable to meet our obligations to you.

In addition, we must comply with the financial requirements imposed under our AFSL.

In the event of our insolvency, you will be an unsecured creditor to the extent that you have a claim against us for amounts you have already paid under an existing contract that has not been settled. The extent to which you may recover your proportional entitlement will be determined by applicable insolvency laws subject to any contractual arrangements you have with us (e.g., the set-off and netting rights of us against client money, under our Master Terms and Conditions).

However, we may agree at times for you to place money in our designated client money account, say, if you anticipate making trades in the future but have not nominated the funds for a particular trade or trades. In this situation, the funds are segregated from our own funds and property. This means that they are not available to pay general creditors in the event of our receivership or liquidation. However, in that situation, by paying us money in this way, you authorise us to retain any interest on that money, and to use that money (including to deduct reasonable fees) in any way agreed to as set out in this PDS, the Master Terms and Conditions, or as otherwise agreed with you. You may request a summary of our financial statements to help you manage this risk.

5.3 Deposit and cross default risk

An initial deposit (usually around 10%) of the total transaction is required to enter into a Forward Exchange Contract.

If the market moves against you and your Forward Exchange Contract becomes OTM, we may require payment of an Additional Margin Deposit. If you fail to pay an Additional Margin Deposit, we may close out your position (and any other positions you hold with us) by entering into an equal and opposite position. You will remain liable for any negative positions which cannot be covered by the closing out of your Forward Exchange Contract.

5.4 System risks

We rely on technology to provide our trading facilities to you. A disruption to the facility may mean you are unable to trade when you want to. Alternatively, an existing transaction may be aborted as a result of a technology failure.

5.5 Operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. It is possible that process problems at EncoreFX may lead to delays in the execution and settlement of a transaction.

5.6 Transactions are not transferable

As each transaction you enter into with us is a transaction between you and us and is not traded on an exchange or market, you will not be able to sell, transfer or assign the transaction to any other person without our prior consent.

5.7 Abnormal market conditions or force majeure

We reserve the right to close out some or all of your open transactions between you and us if an event occurs that is beyond your or our control, where such event either wholly or partially prevents, hinders, obstructs, delays or interferes with your ability to meet your obligations.

5.8 Our discretionary powers

Under our Master Terms and Conditions, we have a number of discretionary powers which may affect your trading activities. We refer you to the Master Terms and Conditions which set out these powers and you should fully understand them.

6 Telephone conversations

Telephone conversations with our dealing room are recorded in accordance with standard market practice. We do this to ensure that we have complete records of the details of all transactions. Recorded telephone conversations are retained for a limited time and are usually used when there is a dispute and for staff monitoring purposes. If you do not wish to be recorded, you will need to inform your dealer or representative. However, EncoreFX will not enter into any transaction over the telephone unless the conversation is recorded.

7 Client money

7.1 Treatment of client monies

Any Australian dollar amounts you pay to EncoreFX in relation to your Spot Contracts or Forward Exchange Contracts required to be paid into a trust account under the Client Money Rules, such as Margin Deposits and Additional Margin Deposits, will be paid into EncoreFX's trust account (EncoreFX Trust Account).

7.2 EncoreFX Trust Account

The EncoreFX Trust Account is a Client Money account operated in accordance with the Client Money Rules. Monies paid into the EncoreFX Trust Account are pooled with the monies of other EncoreFX clients and EncoreFX keeps a record of the monies paid by you or on your behalf.

In accordance with the Client Money Rules, the EncoreFX Trust Account operates in the following way:

- The EncoreFX Trust Account is a bank account with an Australian deposit taking institution held in EncoreFX's name.

- The only monies paid into the EncoreFX Trust Account are monies related to your Spot Contracts or Forward Exchange Contracts and interest on such monies. EncoreFX does not pay any of its own money into the EncoreFX Trust Account.
- Payments out of the EncoreFX Trust Account can be made only in limited circumstances, including:

  (i) making payments in accordance with any directions received from you;

  (ii) paying us monies we are owed and defraying proper charges; and

  (iii) making a payment that is otherwise authorised by law or pursuant to the Client Money Rules.
- Any interest earned on funds paid into the EncoreFX Trust Account is retained by EncoreFX and is not returned to individual clients.

8 Complaints resolution

If you have a complaint about any aspect of our services or products, please contact us at:

Complaints Officer
EncoreFX (Australia) Pty Ltd
Level 17
1 Castlereagh St
Sydney NSW 2000

Phone: +61 2 8378 7600
Toll Free: 1800 874 942
e: complaintsau@encorefx.com

We are a member of, and participate in, the Financial Ombudsman Service Limited (FOS), membership number 36759, an independent complaints resolution organisation. If you feel your complaint has not been satisfactorily resolved, you are entitled to make a complaint to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 780 808
Facsimile: (03) 9613 6399

9 Privacy

EncoreFX takes all reasonable steps to protect your personal information. In addition to the collection of information pursuant to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* (see the next section for more details), personal information is collected for the purpose of providing financial products to clients and EncoreFX will use your personal information:

- for processing your application, which includes but is not limited to sharing your information with identification verification and credit reporting agencies;
- for internal administration and marketing purposes to establish and support the ongoing administration of your account;
- to advise you of new developments relevant to your account;
- to comply with Australian laws and regulations; and
- for any purpose related to the above purposes.

If you provide incomplete or incorrect information, EncoreFX may be unable to provide you with the product or service for which you are applying.

EncoreFX may need to collect personal information about a third party from you as part of this application. If we do this, you agree you will advise that person that we have collected their information, and that in most cases they can access and seek correction of the information we hold about them.

Your personal information may be disclosed to related entities of EncoreFX (including those located in Canada) and any organisation (such as an accountant or auditor) involved with the administration of our services for any of the above purposes.

In most cases you can gain access to and seek correction of your personal information. Should you wish to do so, or if you have any queries about your information, please contact us at enquiryau@encorefx.com, +61 2 8378 7600 or 1800 874 942.

You should also read our privacy policy. Our privacy policy contains information about:

- how you can access and seek correction of your personal information;
- how you can complain about a breach of the privacy laws by EncoreFX and how we will deal with a complaint; and
- if we disclose personal information to overseas entities, and where practicable, which countries those recipients are located in.

Our privacy policy is available by telephoning +61 2 8378 7600 or 1800 874 942.

10 Anti-money laundering

Under Australian legislation, the *Anti-Money Laundering and Counter- Terrorism Financing Act 2006* (AML/CTF Act), certain additional identification is required from you. EncoreFX is obliged under this legislation to satisfy thorough client identification and verification requirements prior to issuing financial products to a client. The processing of account opening processes may be delayed until any requested documentation is received in a satisfactory form and the identity of the client is verified.

Clients must provide EncoreFX with the relevant identification material. We may request additional information from clients where we reasonably consider it necessary to satisfy our obligations under the AML/CTF Act.

11 Taxation

Taxation law is complex and its application will depend on a person's individual circumstances. When determining whether or not the Spot Contracts or Forward Exchange Contracts are suitable, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications the Spot Contracts and Forward Exchange Contracts may have for you.

12 Master Terms and Conditions

Each Spot Contract or Forward Exchange Contract you enter into will be subject to the Master Terms and Conditions. You will be required to sign these before entering into a Spot Contract or Forward Exchange Contract with us for the first time.

The Master Terms and Conditions are a master agreement and set out all of the terms of the relationship between you and EncoreFX that are applicable to the Spot Contracts and Forward Exchange Contracts described in this PDS.

The Master Terms and Conditions are important and you should read them carefully before entering into any Spot Contract or Forward Exchange Contract. They cover a number of important terms including how transactions are executed, our respective rights and obligations, events of default and rights of termination.

We recommend that you seek your own professional advice in order to fully understand the consequences of entering into a Spot Contract or Forward Exchange Contract.

13 Contact details

13.1 General enquiries

e: enquiryau@encorefx.com
p: +61 2 8378 7600 or 1800 874 942

13.2 New South Wales

Level 17
1 Castlereagh St
Sydney 2000

13.3 Victoria

Level 18
101 Collins Street
Melbourne 3000

13.4 Queensland

Level 19
10 Eagle Street
Brisbane 4000

14 Glossary

In this document, unless the context requires otherwise, the following words have the following meaning:

Additional Margin Deposit means a deposit payable to EncoreFX as an advance pre-payment of the Forward Exchange Contract to secure EncoreFX's potential exposure resulting from adverse currency movements.
ATM or "At-the-Money" means a Spot Contract or Forward Exchange Contract that would breakeven (no profit or loss) if closed out against the current Spot Rate.
Client Money means money paid to EncoreFX pursuant to section 981A of the Corporations Act.
Client Money Rules means the provisions in Part 7.8 of the Corporations Act and the Corporations Regulations made under those provisions (and any ASIC policy) that specify the manner in which financial services licensees are to deal with client monies and property.
Foreign Exchange Rate means the rate at which one currency is converted into another currency.
Forward Exchange Contract has the meaning given to it in section 4.
Forward Exchange Rate has the meaning given to it in section 4.3.
Forward Points has the meaning given to it in section 4.3.
Historical Rate Rollover Extension or HRRE has the meaning given to it in section 4.4(a).
ITM means or "In-the-Money" means a Spot Contract or Forward Exchange Contract which would produce positive proceeds if closed out against the current Spot Rate.
Margin Deposit means an advance partial prepayment / deposit of the Forward Exchange Contract made by you to EncoreFX, to secure EncoreFX's potential exposure resulting from adverse currency movements.
Master Terms and Conditions means the terms and conditions, including all documents required thereby, or included therein, that govern the relationship between EncoreFX and the counterparty entering into foreign exchange transactions with EncoreFX.
Notional Amount means the amount of underlying currency to be bought or sold.
OTM or "Out-of-the-Money" means a Spot Contract or Forward Exchange Contract, which cost money if closed out against the current Spot Rate.
Quote Currency means the second currency quoted in a currency pair.
Retail Mark-up means a mark-up applied to the wholesale exchange rates that EncoreFX receives from the interbank rate.
Settlement Date means the date at which the Notional Amount is delivered.
Spot Contract has the meaning given to it in section 3.
Spot Rate means the Foreign Exchange Rate applied to transactions settled within two business days.