



## **2019 Product Disclosure Statement Version 5**

30th September 2019

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# Section 1: Important Information

## This product disclosure statement

This Product Disclosure Statement (**PDS**) is dated 1 September 2018 and was prepared on that date by OANDA Australia Pty Ltd ACN 152 088 349; AFSL 412981 (**OANDA**), as the issuer of Over The Counter (**OTC**) Contracts For Difference (**CFDs**) (**OANDA CFDs**) and margin foreign exchange contracts (**OANDA FX Contracts**) (collectively, where applicable, these will be referred to as **OANDA Products**) referred to in this PDS. This PDS is designed to help you decide whether the OANDA Products described in this PDS are appropriate for you. You may also use this PDS to compare this financial product with similar financial products (e.g., over the counter option contracts) offered by other issuers. This PDS describes the key features of our OANDA Products, their benefits, risks, the costs and fees of trading in them and other related information. The OANDA Products are leveraged financial products, so you should read this PDS and the Account Terms & Conditions in full before making any decision to invest in them. Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 8).

### OANDA products

This PDS covers:

- OANDA CFDs over:
  - indices (referred to as OANDA Index CFDs);
  - commodities (referred to as OANDA Commodity CFDs);
  - treasuries (referred to as OANDA Treasury CFDs);
  - shares (referred to as OANDA Single Stock CFDs);
  - cryptocurrencies (referred to as OANDA Cryptocurrency CFDs)
- OANDA FX Contracts.

The OANDA Products covered by this PDS are those traded on the Electronic Trading Platforms, FXTrade, MT4 or IRESS. These OANDA Products are Over The Counter (OTC) derivative products issued by OANDA and are not Exchange traded products.

### Your potential liability

**Please especially read the “Key Information” in Section 2 and “Significant Risks” in Section 5 for important information about your potential liability.**

Potential investors should carefully consider the significant risks involved in trading in OTC derivatives and understand and accept the risks of investing in our OANDA Products. Trading in our OANDA Products is not suitable for all investors because of the significant risks involved (see Section 5 on “Significant Risks”).

**Your potential liability is not limited to the amount you pay OANDA or we keep in trust for you.** We may ask you to pay amounts more than those amounts to cover any shortfall. Your liability on short contracts can be unlimited. You should carefully consider the risks of our contracts and your capacity to meet your liability before investing.

**This initial warning cannot set out and duplicate all the important information in this PDS.** You should read all this PDS and the Account Terms & Conditions before making a decision to invest in the financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS or the Account Terms & Conditions prior to entering into any transactions with us. OANDA recommends that you consult your financial and investments advisor or obtain independent advice before trading.

#### **OANDA does not give advice.**

OANDA will not give personal financial advice about the OANDA Products. This PDS does not constitute a recommendation or opinion that the OANDA Products are appropriate for you. The information in this PDS is for general information purposes only and does not consider your personal objectives, financial situation and needs.

### **Your suitability to deal in OANDA products.**

If we ask you for your personal information to assess your suitability to deal in the OANDA Products and we accept your application to deal in these OANDA Products, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide, and the assessment is only for our purposes of deciding whether to open an Account for you.

You may not later claim you are not responsible for your losses merely because we have opened an Account for you after assessing your suitability.

You remain solely responsible for your own assessments of the features, risks and possible & potential losses from trading with OANDA Products. We recommend you obtain independent financial and taxation advice concerning this PDS, the OANDA Products and the Account Terms & Conditions before you apply to open an Account with OANDA.

### **Currency of PDS**

The information in this PDS is up to date at the time it was prepared but is subject to change at any time. Any updates will be posted on our website [www.oanda.com](http://www.oanda.com). A copy of this PDS can be downloaded from the website or you can call OANDA to request that a paper copy be provided to you free of charge. If the new information is information which is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find updated information on our [www.oanda.com](http://www.oanda.com) or by calling us using the contact details given below. Upon request, we will send you a paper copy of the information free of charge.

### **Foreign account tax compliance act (FATCA)**

The Foreign Account Tax Compliance Act (FATCA) is United States (US) legislation aimed at improving compliance with US tax laws.

FATCA imposes certain due diligence and reporting obligations on Australian financial institutions (AFIs), and those of other non-US countries, to report US citizen or US tax-resident Account Holders to the US Internal Revenue Service (IRS). Failure to comply with FATCA's requirements will expose such Financial Institutions to a 30 per cent US withholding tax on payments to them from US sources.

Australia and the US signed an intergovernmental agreement to implement FATCA (the FATCA Agreement). On 16 September 2015, the Competent Authorities of Australia and the US signed a **Competent Authority Arrangement** to help implement the provisions of FATCA.

Under the FATCA Agreement, non-exempt AFIs need to register with the IRS and report to the ATO each year about certain Financial Accounts held with them by either:

- US citizens
- US tax residents
- specified US entities established in the US or controlled by US persons.

The information reported by AFIs to the ATO is made available to the IRS, in compliance with Australian privacy laws, under existing rules and safeguards in the Australia-US Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income.

The FATCA Agreement provides exemption for certain Australian institutions (for example, superannuation funds) and accounts from the FATCA requirements, and the removal of the 30 per cent withholding tax on AFIs (unless there is significant non-compliance by an AFI with its FATCA Agreement obligations).

The FATCA Agreement also improves existing reciprocal tax information-sharing arrangements between us and the IRS.

This helps ensure Australian tax laws are effectively enforced so Australian businesses and individuals who pay the correct amount of tax are not disadvantaged by those who seek to evade their tax obligations.

Effective July 1, 2014 OANDA is required to comply with the U.S. FATCA requirements in respect of accounts maintained at OANDA. In this regard, OANDA is required to request certain information from you within ninety days of your account being opened. Such information may be requested in the form of a completed tax certification form signed under penalty of perjury. If you do not provide this information OANDA will be required to report you as a "recalcitrant account holder" pursuant to FATCA requirements to the appropriate governmental authority. OANDA will take all necessary action to be and remain compliant with FATCA as is required by law or agreement between governments. OANDA will not be liable for any losses, costs, expenses, damages, liabilities you may suffer as a result of complying with FATCA requirements.

### Over-the-counter derivatives benchmark disclosures

ASIC has introduced benchmarks for over the counter derivatives which include OANDA CFDs and OANDA FX Contracts. It is important to note that the benchmarks are not mandatory and are not law. ASIC has introduced them by way of stating in Regulatory Guide 227 ASIC's expectations. Not meeting the benchmarks is not an indication of breaches or failures. Rather, the benchmarks in RG 227 also require prominent disclosure in a PDS as to whether an issuer meets the benchmarks or, if not, the reasons why they are not met are explained in the PDS. The following table summarises the benchmarks as OANDA applies them to our OANDA CFDs and OANDA FX Contracts, and whether OANDA meets them and, if not, why not. The table also refers you to other Sections of this PDS for more information on relevant topics (to avoid duplicating the information in this PDS).

<b>RG227 Benchmark disclosures</b>	<b>Meet benchmark?</b>	<b>If not, why not OR related section</b>
1. Client Qualification Addresses the issuer's policy on investors' qualification for CFD trading.	Yes	Please refer to Section 2.4 – Your Suitability
2. Opening Collateral Addresses the issuer's policy on the types of assets accepted from investors as opening collateral.	No	Please refer to Section 3.2 – Funding Your Trading Account.
3. Counterparty risk – Hedging. Addresses the issuer's practices in hedging its risk from client positions and the quality of this hedging.	Yes	Please refer to Section 4.11- OANDA MT4 Hedging  Please refer to Section 4.12 – Your Counterparty Risk on OANDA.
4. Counterparty risk – Financial resources Addresses whether the issuer holds sufficient liquid funds to withstand significant adverse market movements.	Yes	Please refer to Section 4.12 – Your Counterparty risk on OANDA.
5. Client money Addresses the issuer's policy on its use of client money.	Yes	Please refer to Section 3.3 – Client Money Handling
6. Suspended or halted underlying assets Addresses the issuer's practices in relation to investor trading when trading in the underlying asset is suspended or halted.	Yes	Please refer to Section 4.7 – Dealing
7. Margin calls Addresses the issuer's practices in the event of client accounts entering into margin call.	Yes	Please refer to Section 4.5 – Margin Requirements, calculations & Policies

### Contact Us

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## Section 2 – Key Information

### Key features of our OANDA products

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- The contracts are over the counter derivatives issued by OANDA. They are not Exchange traded.
- They are for investing indirectly in a range of foreign exchange currencies, indices, commodities, metals, treasuries, shares and cryptocurrency price movements around the world without having to own and pay full value of the Underlying Security.
- Your Account must be funded before OANDA Products are issued to you. You do this by paying at least the Initial Margin (plus you should consider funding the Account in anticipation of any fees and charges detailed in Section 3).
- You remain liable to pay later Variation Margins and to maintain the Margin Cover. If you do not maintain the Margin Cover always, the OANDA Products can be Closed Out and you remain liable to pay us any remaining shortfall.
- Unlike contracts traded on an Exchange, the OANDA Products are not standardised. The terms of a OANDA Product may, in OANDA's discretion, be individually tailored to the requirements of the parties to the OANDA Products – you and OANDA.
- You have no right or obligation to acquire the Underlying Security itself.
- There is leverage in the OANDA Products because you pay to OANDA only Margin, not the full value. All payments to OANDA are paid as Margin (or for the relevant fees and charges). The more Margin you pay, the less leverage you receive.

### Key benefits of our OANDA products

- OANDA Products enable you to take a trading position with an exposure to an Underlying Security without needing to buy or sell the actual full value of the Underlying Security.
- You can use the OANDA Products to speculate, with a view to profiting from market fluctuations in the Underlying Security. You may take a view of a Underlying Security and so invest in the OANDA Product intending to make a profit.
- You can use the OANDA Products to hedge your existing exposure to an Underlying Security.
- You can deal in OANDA Products with a view to profiting in both rising and falling markets.
- OANDA Products involve a high degree of leverage. OANDA Products potentially let you invest a relatively small amount (in the form of the Initial Margin) to have an exposure to the Underlying Security without having to pay the full price of the Underlying Security. This leverage gives you the potential to take a greater level of risk for a smaller initial outlay, so this increases the potential risks and potential rewards. Leverage can magnify losses (see Section 5 – Significant Risks and the paragraph “Loss from Leverage”).
- Your moneys paid as Margin are kept in the OANDA client moneys trust account until either paid back to you or paid to OANDA for fees, costs and charges (if applicable) or if your Account Value has suffered a Realised Unrealised Loss
- If your Account Value has benefited from a Realised/Unrealised Profit, OANDA will pay money (or credit) equivalent to that amount of the Realised/Unrealised Profit into the OANDA client moneys trust account for your benefit. This means your Account gets paid cash (or is credited) for gains, even before you Close Out your contracts.

## Key risks of OANDA products

- The key risks of investing in the OANDA Products are outlined below. Please see Section 5 for further information on the description of the significant risks.
- **Leverage** – OANDA Products are leveraged when the amount you pay (i.e., the total Margin and fees and charges) to OANDA is less than the full-face value of the Underlying Security.

### **Contracts are typically low margin, high leveraged investment.**

You should be prepared for greater risks from this kind of leveraged OTC derivative, including being liable to pay OANDA Variation Margin and those Variation Margin requirements changing rapidly in response to changes in the market for the Underlying Security.

- **Loss of your moneys** – Your potential losses on (long or short) OANDA Products may exceed the amounts you pay (as Margin) for the contract or amounts we hold on trust for you.
- **Unlimited loss** – Your potential loss on short positions may be unlimited – more than the amount you pay OANDA for them.
- **Trust moneys are withdrawn to pay for the OANDA Products for the Realised/Unrealised Loss** – The money which you pay into the OANDA client moneys trust account will be withdrawn to pay OANDA for the OANDA Products fees, costs and charges or when there is a Realised/Unrealised Loss. The moneys are withdrawn as payments to OANDA, so, once withdrawn they are not held on trust for you and, you lose the benefits of holding those moneys in the OANDA client moneys trust account.
- **Margin requirements** – You are liable to pay Margin before OANDA Products are issued and, after that, you may be liable to pay more Variation Margin before the position is Closed Out. The required Margin will usually be at least: - the Margin required by OANDA for the OANDA Products (initially and later); plus - the Variation Margin required by OANDA to cover any payments for Unrealised Losses on open positions in your Account; plus - any Variation Margin required by OANDA to cover adjustments for any foreign exchange rate; plus - any Variation Margin required before the Margin Closeout Level is triggered (see Section 4 – Margin Requirements, Calculations & Policies for further information). If you do not meet all Margin requirements, including at little or no notice, some or all OANDA Products may be Closed Out without notice to you and you will be liable for any remaining deficit in your account. Funding options for accounts trading in cryptocurrency CFDs may be restricted, due to restrictions placed by payments providers, and this may have implications for the speed at which you may be able to deposit sufficient funds to meet OANDA's Margin requirements.
- **Foreign Exchange** – OANDA Products which are denominated in currencies other than your default Account Currency can expose you to fast and large changes to the value of your Account, potentially triggering the need for more Variation Margin to be paid by you, including at short or no notice.
- **Counterparty risk** – you have the risk that OANDA will not meet its obligations to you under the contract. The contracts are not Exchange traded so you need to consider the credit and performance risk you have on OANDA. This is further explained in Section 4 under “Your Counterparty Risk on OANDA”.

## Your suitability

We may make an initial assessment of your suitability to invest in the OANDA Products based on the information you give us. You should always make your own assessment of your suitability to deal in the OANDA Products. You should carefully consider the features of the OANDA Products and their significant risks before investing in them.

Some key suitability considerations for you are:

- whether you have experience in trading in the Underlying Security;
- whether you understand the terms of the OANDA Products and how they work;
- whether you accept a high degree of risk in trading in the OANDA Products;
- whether you can monitor your investments and manage them in a volatile market;
- whether you have financial resources to provide additional Variation Margin, especially on little or no notice; and
- whether you can bear substantial losses that might arise from trading in the OANDA Products, especially the potential for unlimited losses.

Our assessment of your suitability is based on your information and any other information we ask, and you give us.

During the Account establishment process, you will be required to complete a questionnaire regarding the OANDA Products. We can only establish your Account once you have successfully passed the questionnaire. To the extent permitted by law we do not accept liability for your assessment of the OANDA Products or your choice to invest in any OANDA Products, so you should read all of this PDS carefully, consider your own financial investment needs, goals and objectives and finally seek independent financial and taxation advice concerning this PDS, the OANDA Products and the Account Terms & Conditions before you apply to open an Account with OANDA.

## Nature of OANDA products

OANDA Products are leveraged over the counter financial products which allow you to make a profit or loss from changes in the market price of the Underlying Security, without owning the full value of the Underlying Security or having any direct interest in the Underlying Security.

In simple terms, the amount of any profit or loss made on the OANDA Products will be equal to the difference between the price of the contract with reference to the Underlying Security when the OANDA Product is opened and the price of the OANDA Product with reference to an Underlying Security when the OANDA Product is closed, multiplied by the number of units or lots (for more information, see Section 4 OANDA Trading Platforms) held.

The calculation of profit or loss is also affected by other payments, including payments relating to Finance Charges and any other charges (for more information, see Section 3 Costs, Commissions, Fees & Charges).

The value can also be affected by fluctuations in foreign exchange rates if you effect a Transaction denominated in a currency that differs from your default Account Currency.

You can take both “long” and “short” positions. If you take a long position, you profit from a rise in the Underlying Security, and you lose if the price of the Underlying Security falls. Conversely, if you take a short position, you profit from a fall in the price of the Underlying Security and lose if the underlying price rises.

Unlike direct investments made by trading on an Exchange, the OANDA Products are not standardised. The terms of the OANDA Products are based on the Account Terms & Conditions with OANDA, which apply to your Account and your Transactions.

## Types of OANDA products

### OANDA Index CFDs

OANDA Index CFDs derive their price or value from the real time changes in the value of an Underlying Index as calculated by the relevant Exchange or OANDA’s valuation of that Underlying Index.

OANDA Index CFDs can only be traded during the open market hours of the relevant Exchange on which the Underlying Index is determined (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

OANDA Index CFDs allow you to deal in anticipated market trends rather than individual shares.

OANDA Index CFDs are valued based on the number of units per index point of the Underlying Index. For example, if the Underlying AUS200 Index is 6071 then trading 10 Unit OANDA Index CFDs for that Underlying AUS200 Index would mean the face value of the trade was \$60,710.

### **OANDA commodity CFDs**

OANDA Commodity CFDs' Underlying Security is the value or price of a Commodity Transaction. OANDA Commodity CFDs may be denominated in any of the available currencies.

OANDA Commodity CFDs are an easy way to gain access indirectly to commodity markets and underlying commodities such as, copper, wheat, sugar and oil.

OANDA Commodity CFDs can only be traded during the open market hours of the relevant Exchange on which the Commodity Transaction is able to be traded (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

### **OANDA treasury CFDs**

OANDA Treasury CFDs' Underlying Securities are US treasury notes and bonds, Euro-bund futures and gilt futures.

Euro-bund futures are a notional long-term debt instrument issued by the German Federal Government with a term of 8 to 10 years.

Long gilt futures contracts are based on a £100,000 nominal value notional United Kingdom Government bond. They allow investors to gain access to the benchmark 10 year segment of the UK sovereign yield curve.

The OANDA Treasury CFDs' Underlying Securities currently include:

- two-year US treasury notes;
- five-year US treasury notes;
- ten-year US treasury notes;
- US treasury bonds;
- Euro-bund futures; and
- Long gilt futures.

OANDA Treasury CFDs can only be traded during the open market hours of the relevant Exchange on which the Underlying Security is traded or other market (which is not an Exchange) is open (or within any more limited hours set from time to time by OANDA). Open hours of the relevant Exchange are available by reviewing the relevant Exchange website.

### **OANDA cryptocurrency CFDs**

OANDA Cryptocurrency CFDs derive their price or value from the real time changes in the value of an Underlying Cryptocurrency as calculated by OANDA. OANDA establishes the prices at which it offers to trade with you based on prices that are made or quoted to OANDA by the banks, financial institutions, exchanges and counterparties with which it does business and which may not be the same as prices available from other sources and in fact may differ significantly from the price of the Underlying Cryptocurrency.

With respect to OANDA Cryptocurrency CFDs, pricing may freeze, and trading may halt (i.e. the ability to open or close a position may be suspended) at OANDA's discretion, for any reason, at any time, including if there is no pricing data available in respect of the Underlying Cryptocurrency.

### **OANDA FX contracts**

OANDA FX Contracts are leveraged products which derive their prices from the real time changes in the price of foreign currencies.

Prices are only quoted for OANDA FX Contracts and can only be traded during the open market hours on which the foreign currency is traded.

Open hours of the market are available by viewing the relevant market's website. In addition, OANDA may not quote for a contract on a particular foreign currency if that foreign currency is illiquid (for more information on potential external disruptions see Section 4).

OANDA FX Contracts allow you to receive many of the economic benefits of owning the full value of the foreign exchange contract on which the OANDA FX Contract is based without physically owning it. This includes contracts in the spot price for gold or silver which are the Underlying Securities. For more information on which OANDA provides quotes on, please download a demonstration trading platform located on the OANDA website [www.oanda.com](http://www.oanda.com) or contact OANDA

OANDA FX Contracts are valued based on the price of the relevant foreign currency pair. For example, in the case of OANDA FX Contracts, if you bought 10,000 of one currency against another and the price of the foreign currency pair was quoted as 10.40/10.60 then the OANDA FX Contract would have a value of \$106,000 (being 10.60 x 10,000).



## Section 3 – Being an OANDA customer

### Opening a trading account with OANDA.

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To become a customer of OANDA you will need to complete the online account opening at <https://www.oanda.com/register/#/sign-up>.

**In the initial stage (Page 1) of the account application you will be asked to create a login profile. Please keep this login profile as it is your primary login for completing the application as well as the trading platform once your account is established.**

It is recommended that you are prepared for the account opening process with appropriate identification documents.

To confirm your identity and address you may use a combination of the following documents:

- Australian Tax File Number (TFN)
- Passport
- Drivers Licence
- Vehicle Registration
- Utilities Bill
- Bank Statements
- Council Rates
- Tenancy Agreement
- Pension Card

If you are opening a trading account under a corporate structure you will need to complete the online account opening at <https://oanda.eappform.com/initiate.aspx>.

You should be prepared to support your corporate application with further documentation such as:

- Certificate of Registration of a Company
- ASIC Company Extract
- Company Proof of Address showing Principle Place of Business
- Memorandum or Articles of Association
- Power of Attorney
- Trust Deed
- Trust or Company Bank Account Statement
- Legal Entity Identifier (LEI)

Once OANDA accepts your application including supporting documentation, your account will be established and you will have agreed to the account terms as set down by OANDA at <https://www.oanda.com/register/docs/oau/account-terms.pdf>

#### **Funding your trading account.**

The initial funding of your OANDA trading account is possible either as part of the online account application process (Credit Card Only) or via the FX Trade Platform once your account has been established.

OANDA offers 4 methods of funding your OANDA trading account

- PayID
- Bank Transfer
- B-Pay
- Credit Card
- China Union Pay

**Please be reminded that funding your Account by credit card has additional risks and costs for you.** By using these payment methods, you effectively would be doubling your leverage by taking credit from your credit card account and trading with leverage on your Account. This can add to the risks and volatility of your positions as well as potentially higher interest costs on your credit card account.

If you lose on your investments, you might not have other financial resources to repay your credit card account, incurring higher interest costs and possibly defaulting on your credit card terms.

Although OANDA accepts payments of more than \$1,000 from credit card accounts to fund your Account and to meet later Margin payments, please consider carefully whether this payment method is suitable for your trading and limit it to what you can afford.

**Please note that OANDA does not accept funds from third-party accounts i.e. funds from accounts that are not held in your name.**

#### **Client Money Handling.**

Funds deposited by you the customer to OANDA are credited to a trust account administered by OANDA which is referred to in this PDS as the “OANDA Client Money Trust Account”.

The funds deposited by you the customer into the OANDA Client Money Trust Account are held for you and are segregated from OANDA’s own funds. This means those funds are not available to pay general creditors in the event of receivership or liquidation of OANDA (unless a court orders differently).

#### **Summary of amendments made in Schedule 5 of the Treasury Laws Amendment (2016 Measures No. 1) Act 2017**

Schedule 5 to the Treasury Laws Amendment (2016 Measures No. 1) Act 2017 (Client Money Act) makes amendments to the Corporations Act 2001 (Corporations Act) to provide that Australian financial services licensees (AFS licensees) may only use derivative retail client money or property to meet an obligation where:

- the entry into of the derivative is cleared through:
  - a licensed clearing and settlement facility; or
  - a clearing and settlement facility, the operator of which is authorised to operate the facility in a foreign country in which the operator’s principal place of business is located, and that meets any requirements specified in regulations;and
- the AFS licensee incurred the obligation, in connection with the derivative, under the operating rules of the clearing and settlement facility.

#### Definition of derivative retail client money

Schedule 5 to the Client Money Act inserts a new definition of ‘derivative retail client money’ into section 761A of the Corporations Act.

‘Derivative retail client money’ is money paid to a financial services licensee by or on behalf of a client in connection with:

- a financial service that:
  - has been, will or may be provided to the client; and
  - is or relates to a dealing in a derivative; or
- a financial product that is a derivative; and
- the financial service or product would be provided to the client as a retail client if the service or product were provided to the client when the money was paid.

For the purposes of the definition of ‘derivative retail client money’, Schedule 5 provides that ‘retail client’ includes clients who are sophisticated retail investors as set out in section 761GA. This ensures that the sophisticated investor carve-out contained in section 761GA cannot be exploited to circumvent the amendments in the Client Money Act and the Corporations Amendment (Client Money) Regulations 2017. While sophisticated investors are generally high net worth individuals, like other retail clients, they may not always have the requisite knowledge of complex financial services such as derivatives to adequately evaluate the risks associated with how licensees use derivative retail client money.

**You should be aware that, generally, for trust accounts such as the OANDA client moneys trust account:**

- Individual Clients do not have separate or segregated accounts.
- All Clients' moneys are combined into one account.
- OANDA uses funds from its own operating account for all its hedging purposes.
- OANDA is entitled to retain all interest earned on the money held in the OANDA Client Money Trust Account.
- When you the customer deposit funds into the OANDA Client Money Trust Account (for any currency) for your use within your OANDA trading account, you understand and agree to the uses of these funds as Margin for your OANDA Products until it is withdrawn to be paid to OANDA for any Realised/Unrealised Losses or for fees and charges.
  - ONLY FUNDS DEEMED TO BE NO LONGER THE CUSTOMER'S FUNDS, BEING FUNDS TO WHICH OANDA IS ENTITLED, MAY BE WITHDRAWN BY OANDA TO OANDA'S ACCOUNTS.

### **Costs, commissions, fees & charges**

- OANDA charges the Finance Charge on Open Positions.
- OANDA applies a Finance Credit on Open Positions.

It is important that you understand how the Finance Charges and Finance Credits work, because they will affect your Account Value. The combined effect of Finance Charges and Finance Credits for all of your Open Positions may be considered to be your cost (or benefit) of holding your Open Positions, so you should take them into consideration when deciding whether to acquire or to dispose of your positions.

The three most important factors for Finance Charges and Finance Credits are: (i) what amounts they apply to; (ii) their rates; and (iii) how they are calculated.

There are some differences in how they apply to FX Contracts and to OANDA CFDs, so they are separately described below.

A special handling debit and a special handling credit are applied if there is a large Transaction as defined in Section 4.

One of the most important features provided by OANDA is making the calculations on a second-by-second basis. This better reflects the cost (or benefit) of holding Open Positions.

The rates for Finance Charges and Finance Credits are often referred to as "interest rates". This is a convenient reference to the rates for Finance Charges and Finance Credits.

OANDA derives a financial benefit by entering into its hedge transactions with other persons at rates and prices different from those charged to Clients.

### **Finance charge and finance credit on contracts**

#### **OANDA FX**

If you hold a long or short position you will generally be debited a Finance Charge or credited a Finance Credit (as applicable in a particular case) on the Open Positions held.

The Finance Charge (or Finance Credit) is applied to the Contract Value (not the Account Value) of all of your Open Positions. They are calculated and accrued on a continuous, second-by-second basis, with the calculation generally performed daily at 16:00 New York Time.

The rates used to calculate the Finance Charge (or Finance Credit) can be found either on the Electronic Trading Platforms or the OANDA website and vary according the currency pair of an FX Contract.

To calculate the Finance Charge (or Finance Credit), OANDA analyses the Contract Value during each second of the previous 24 hours of an Open Position.

For example, if the Contract Value was \$10,000 at 16:00 New York Time and it changes to \$12,000 at 22:00 New York Time and remains at \$12,000 until 16:00 New York Time the following day, then 6 hours' worth of Finance Charge (or Finance Credit) is calculated on \$10,000 and 18 hours' worth of Finance Charge (or Finance Credit) is calculated on \$12,000.

OANDA debits (or credits) the Finance Charge (or Finance Credit) by using as the starting point, a Transaction opened at 16:00 New York Time, calculated for the time interval starting at 16:00 New York Time the previous day or the time the Transaction was entered into by the Client, whichever is the later and ending at 16:00 New York Time the following day or when the Transaction is Closed Out (whichever is the earlier).

You can use our “Interest Calculator” on our website to ascertain the Finance Charges in respect of a Transaction.

### OANDA CFDs

OANDA CFD Finance Charges and Finance Credits are assessed using the interest rates associated with the OANDA CFD. OANDA publishes its OANDA CFD interest rates, expressed as Bid and Ask rates for each OANDA CFD, in real-time on OANDA’s “Historical Interest Rates Tool” on its website.

OANDA CFD Finance Charges and Finance Credits on an Open Position will be netted. This means that the single (net) Finance Charge (or Finance Credit) on a CFD Transaction will be the result of the difference between the CFD interest rate and the interest rate on each currency used in the CFD Transaction. Therefore, you will be charged a Finance Charge if the net interest rate is negative and receive a Finance Credit if the net interest rate is positive.

To illustrate how interest rates will be applied when trading OANDA CFDs, consider this example:

Suppose a Client opens a long position in US Wall St 30, an OANDA CFD that is priced against USD.

Yearly	US30 Index CFD	USD
Bid Rate	1.5%	0.1%
Ask Rate	3.5%	0.5%

(Note: This example uses sample interest rates that do not reflect current market interest rates)

Interest rate	CFD net interest rate	Calculations
Long Annual	1%	Bid US30 Index CFD – Ask USD (1.50 – 0.50 = 1.00)
Short Annual	-3.4%	Bid USD – Ask US30 Index CFD (0.10 – 3.50 = -3.40)

In this scenario, in simple terms the Client would receive a 1.0% annual interest rate while holding the long CFD position. If the Client had opened a short CFD position, the Client would have been charged a 3.4% annual interest rate while holding the position.

It is important to note that OANDA CFD net interest rates can be either positive or negative, regardless of whether a Client’s position is long or short. Please ensure you carefully check interest rates before transacting.

Please see trading examples in Section 7 of which appear later in this PDS which will help illustrate in greater more details of how this works in practice

### OANDA cryptocurrency CFDs

OANDA calculates financing charges on all bitcoin trades held in a client’s account. Financing charges are calculated continuously and second-by-second.

The financing rates for bitcoin are currently set as follows.

Direction of trade	Financing rate for BTC	Financing rate for USD	Approximate total financing rate
Long / Buy	-12.75%	-2.25%	-15.00%
Short / Sell	-1.75%	+1.75%	0.00%

Clients with a long bitcoin position will pay approximately 15% per annum. Clients with a short bitcoin position will pay approximately 0% per annum. Please note that the actual financing charges may vary slightly, depending on the conversion rates of BTC and USD to your account currency at the time financing is calculated. Please see <https://fxtrade.oanda.com/help/policies/interest-rate-calculation> for more details on how financing charges are applied to OANDA accounts.

Financing is posted to client accounts every day at 16:00 New York for any open positions, and whenever any trades are closed.

### Example 1

Client buys 1 bitcoin @ \$7000 and holds for one day in an fxTrade account denominated in USD.

At the time of financing, BTC/USD rate is 7000/7050.

BTC Financing =  $1 \times 1/360 \times -12.75\% \times 7000 = -2.4792$  USD

USD Financing =  $7000 \times 1/360 \times -2.25\% \times 1 = -0.4375$  USD

Total Financing =  $-2.4792$  USD +  $-0.4375$  USD =  $-2.9167$  USD

A financing charge of \$2.92 would be charged to the client account for holding the position for one day.

### Example 2

Client sells 1 bitcoin @ \$7000 and holds for one day in an fxTrade account denominated in USD.

At the time of financing, BTC/USD rate is 7000/7050.

BTC Financing =  $1 \times 1/360 \times -1.75\% \times 7000 = -0.3403$  USD

USD Financing =  $7000 \times 1/360 \times 1.75\% \times 1 = 0.3403$  USD

Total Financing =  $-0.3403$  USD +  $0.3403$  USD =  $0.00$  USD

A financing charge of \$0.00 would be charged to the client account for holding the position for one day.

### Core pricing

If you choose the Core Pricing option, OANDA will charge your account the Commission Charges, in addition to any other charges or fees set forth in this PDS. As long as Core Pricing is in effect in your account, the Commission Charges will be assessed on all Orders and Trades executed by you in your Account.

### Conversion

OANDA will convert any profit or loss of your Transactions from the currency of your Transaction to the currency of your Account and does not charge any additional conversion fee. The conversion is reflected in the exchange rate at which the Transaction is converted and is not an additional conversion fee.

### Inactive accounts

You acknowledge that in the event that there are no executed Order to open a Transaction in your Account for a period of at least 24 months, OANDA may designate your Account as "inactive." If you request to reactivate your Account, you agree to provide whatever information and execute such additional documentation as OANDA may reasonably require, and to be bound by the version of this Agreement in effect at such time. After such minimum 24- month inactivity period, OANDA may, without notice to you, charge your Account a monthly Inactivity Fee for each month the Account remains inactive by debiting the Inactivity Fee from your Account. The monthly Inactivity Fee will be equal to the lesser of (i) 10.00 units of the currency in which your Account is denominated (except for Accounts denominated in JPY and HKD, which will be charged 1000 JPY and 75 HKD respectively) or (ii) the remaining balance in your Account.

### External fees, taxes and charges

In some cases, there may be fees charged by third party banks (e.g., bank charges on international transfers) to OANDA which OANDA may need to charge you. These are not financial product fees, taxes or charges so are not disclosed in the PDS. They may be disclosed in the Electronic Trading Platforms, on OANDA's website or in OANDA's financial services guide, depending on the nature of the item. You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by OANDA).

# Section 4 – Trading with OANDA

## OANDA Trading Platforms

Your OANDA Trading Account gives you access to OANDA Trading Platforms (that is, OANDA fxTrade and OANDA MT4). Once your Account is established and opened by OANDA, you can choose whether to use both OANDA Trading Platforms but there are important differences in using either OANDA Trading Platforms which are explained below.

Most of the OANDA Products can be traded on the across all OANDA Trading Platforms.

We will endeavour to use our best efforts to make the OANDA Trading Platforms available when you access them, however we cannot give an absolute assurance or guarantee that the OANDA Trading Platforms will be available on a continuous basis due to system failures and other related technological factors.

ou must carefully read and follow the operational rules for each of the OANDA Trading Platforms. Each OANDA Trading Platform may impose special operating rules including but not limited to:

- posting Margin (such as when payment is required and when the payment is effective);
- how Margins are calculated (such as automatic adjustments outside of trading hours, including at the weekend); and
- how Orders are managed.

OANDA utilises advance technology to enable the OANDA MT4 Trading Platform to communicate Orders and synchronise OANDA Trading Account activity with the OANDA fxTrade Trading Platform. However, there are some instances when Transactions originating from the OANDA MT4 Trading Platform may not synchronise immediately. For example, you may find that you have executed an Order on the OANDA fxTrade Trading Platform, but such Orders are not reflected accurately on the OANDA MT4 platform. In most cases though, the synchronisation of the two Electronic Trading Platforms occurs daily.

The OANDA MT4 Trading Platform does not allow displaying Margin Cover requirements on a per Underlying Security basis. Therefore, the Leverage Ratio the Client chooses is used in Margin calculations for all Underlying Securities.

The OANDA fxTrade Trading Platform assesses the maximum Leverage Ratio allowed for each specific Underlying Security and uses that if it is lower than the Client's Leverage Ratio. The OANDA fxTrade Trading Platform also calculates the Margin used by a Transaction using the current price of the Underlying Security, whereas OANDA MT4 calculates the Margin used by a Transaction using the open price of the Transaction.

**If there is a difference between the information on your Account between the two Electronic Trading Platforms, your OANDA fxTrade Account represents the accurate Account activity, Balance, Account Value and Margin Cover so OANDA strongly recommends that you view your OANDA fxTrade Account for this information.**

Below is a **summary** table of the OANDA Trading Platforms offered by OANDA and the **main** differences:

	<b>OANDA fxTrade</b>	<b>OANDA MT4</b>
<b>Financial Products</b>	OANDA CFDS & FX Contracts	OANDA CFDS & FX Contracts
<b>Currency Pairs</b>	All major currency pairs	All major currency pairs
<b>Transaction amount type</b>	Units	Lots, mini lots & micro lots
<b>Minimum transaction size</b>	1 unit	1 lot = 100,000 units Mini lot = 10,000 units Micro lot = 1,000 units
<b>Order types</b>	Entry order Limit order Market order Take profit order Stop loss order Stop order Trailing stop order	Limit order Market order Take profit order Stop loss order Stop order
<b>Partial closing</b>	Yes indirectly by opening a contract in the opposite direction.	Yes (Using “first in, first out” allocation) Hedging compatibility users who open a contract in the opposite direction will still close their position in fxTrade, however MT4 will display 2 open and opposite positions.
<b>Finance credit</b>	At OANDA, any finance credit is paid (or credited) to your account on a second-by-second basis. The OANDA fxTrade platform will display all payments of finance charges and finance credits.	At OANDA, any finance credit is paid (or credited) to your account on a second-by-second basis. The OANDA MT4 platform will not display payments of finance charges and finance credits; these will be displayed on the OANDA fxTrade platform.
<b>Account balance</b>	Displays the client's true account balance and is the one used by OANDA to calculate margin, margin cover and margin closeout levels.	Does not display the client's true account balance. Clients should refer to their fxTrade account for their true account balance.
<b>Server &amp; access</b>	The client can access their account from any computer with an internet browser and is run completely on OANDA's servers.	The client may only access their MT4 account on the computer that they have downloaded the OANDA MT4 platform on.

We recommend that prior to engaging in live trading you open a “demo” account and conduct simulated trading. This enables you to become familiar with the OANDA Trading Platform that you wish to transact in.

There is also online help available on the OANDA Trading Platforms which has a wealth of information relating to the operation of the OANDA Trading Platform.

### **V20 Trading engine**

When trading with a v20 Trading Engine Hedging account you can open long and short trades on the same instrument. Margin will be calculated based upon the largest side of a hedged position (also known as the “longest leg”). This will impact maximum trade sizes and how close your account is to triggering a margin closeout. The platform will show every hedged trade but only a net position will be reflected for each instrument. For more details visit our website.

## Order types

Different types of Orders are available on the OANDA Trading Platforms. You will be able to find out information about Orders that apply on the OANDA Trading Platforms when you log in. The following are examples of Order types that may be available to you. If you have any questions, please contact OANDA.

### Important notice about this section

When you request to place one of the types of Orders described in this section, we have discretion whether to accept and execute any such request. We will, at our discretion, accept or reject any Orders. The price at which we accept an Order to trade will generally be based on filling the full volume of the Order in one Transaction if possible. The type of Orders and how they may be filled, if at all, might depend on the rules of the Exchange where the Underlying Securities are being traded and the pricing model you have selected. For some contracts that you choose to trade, there may be a minimum trade value or other restrictions (e.g., pricing) that relate to a particular market.

OANDA's fxTrade platform does not allow long positions and short positions to be opened over the same type and number of Underlying Securities. The OANDA Trading Platform prevents such Orders and may also later automatically Close Out positions if the Client creates new positions with the same effect.

References to Orders being filled immediately or positions being Closed Out immediately or automatically refer to processing of Transactions as soon as practical in the ordinary course of electronic processing. The speed of electronic processing can depend on several technical factors, including any transaction filters required for regulatory compliance.

### Entry order

Entry orders are commonly used to enter a market at a predefined level.

- Entry orders to buy can be placed above (Stop Entry) or below (Limit) the current market price and are triggered when the Ask price hits or breaches the price level specified.
- Entry orders to sell can be placed above (Limit) or below (Stop Entry) the current market price and are triggered when the Bid price hits or breaches the price level specified.

When an entry order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

### Limit order

Limit orders are commonly used to enter a market and to take profit when the market hits predefined levels.

- Limit orders to buy are placed below the current market price and are triggered when the Ask price hits or breaches the price level specified. If placed above the current market price, the order is filled immediately at the best available price below or at the limit price.
- Limit orders to sell are placed above the current market price and are triggered when the Bid price hits or breaches the price level specified. If placed below the current market price, the order is filled immediately at the best available price above or at the limit price.

When a limit order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

### Market order

A Market Order is executed immediately when placed. It is priced using the current spot, or market price of the Underlying Security.

A Market Order immediately becomes an Open Position and subject to fluctuations in the market. This means that should the market move against you, the value of your Open Position deteriorates – this is an Unrealised Loss. If you were to close the position at this point, you would realise the loss and after that your Account Balance would be updated to include the revised totals.



### **Take profit order**

A Take Profit Order automatically closes an Open Position when the price reaches your specified Take Profit Order price. Take Profit Orders are used to lock-in profits when you are unavailable to monitor your Open Positions. For example, if you are long USD/JPY at 109.58 and you want to take your profit when the rate reaches 110.00, you can set this rate as your Take Profit Order. If the Ask price reaches 110.00, the Open Position is closed by the OANDA Trading Platform and your Transaction's gross profit is generated. Your Transaction is closed at the current market rate. In a fast-moving market, there may be a gap between the current market rate and the rate you set as your Take Profit Order (so the exact Transaction price cannot be guaranteed).

### **Stop order**

Stop orders are commonly used to enter a market and to stop losses when the market hits predefined levels.

- Stop orders to sell are placed below the current market price and are triggered when the Ask price hits or breaches the price level specified. If placed above the current market price, the order is filled immediately at the best available price.
- Stop orders to buy are placed above the current market price and are triggered when the Bid price hits or breaches the price level specified. If placed below the current market price, the order is filled immediately at the best available price.

When a stop order is triggered, it is immediately filled at the market price that triggered it. Note that the price at which your order is filled may differ from the price you set for the order if the market breaches the price rather than hitting it.

### **Stop loss orders**

OANDA may, in its discretion, accept an Order from you to close a position if the price moves to or beyond a level specified by you. This is known as a "Stop Loss Order".

You would generally choose to place a Stop Loss Order to provide some risk protection. Stop Loss Orders are commonly used to exit positions and to protect investments if the market moves against an Open Position.

For example, if your Open Position moves towards making a loss based on a level chosen by you, the Stop Loss Order would be triggered to try to close your Open Position.

Stop Loss Orders to sell are placed below the current market level and your Stop Loss Order would be executed i.e. triggered if our Sell price (for a Stop Loss Order that requires an Order to sell a contract) moves against you to a point that is at or lower than the level specified by you (and accepted by us). Conversely, a Stop Loss Order to buy is placed above the current market level and your Stop Loss Order would be executed i.e. triggered if our Bid price (for a Stop Loss Order that requires an Order to buy a contract) moves against you to a point that is at or above the level specified by you (and accepted by us).

All Stop Loss Orders are subject to agreement by us, so you cannot be assured that you will always be able to have a Stop Loss Order. While OANDA has absolute discretion whether to accept a Stop Loss Order, it will generally try to do so, subject to market conditions and the reasonableness of your Stop Loss Order. Your Order may be unreasonable if, for example, the level you have specified is too far away from the market price, the Underlying Security or trading in the Underlying Security has been halted or suspended on the market.

Even if we accept your Stop Loss Order, market conditions may move against you rapidly. It is possible that you may receive the best available price on the market which is worse than the one you have requested from OANDA. A gap in market prices reflects the market for the contracts, so can occur for any reason, without any apparent reason or at any time

### **Trailing stop order**

A Trailing Stop Order is a Stop Loss Order where the stop price "trails" the spot price. As the market rises (for long positions) the stop price rises according to the proportion you set, but if the market price falls, the stop price remains unchanged. This type of Stop Loss Order helps you to set a limit on the maximum possible loss without limiting the possible gain on a position. It also reduces the need to constantly monitor the market prices of Open Positions.

Example: you expect the price of an instrument to rise and reach at least 1.5710 by the end of the day. You open a long position at 1.5680. To limit any potential loss, you place a trailing stop Order at 1.5670 with a distance to market of 10 and a trailing step of 5. During the day the market rises as predicted and the trailing stop follows. When the price suddenly drops to 1.5700, the trailing stop price has reached 1.5705 and is triggered. You have thereby not only protected your initial investment, but you have also managed to keep a good proportion of the profits.

When setting the stop price, you should be careful not to set it too close to the current market price, especially in a volatile market, so the stop price might be hit before the price starts to go up/down as you expect. On the other hand, you should carefully consider how much you can afford to lose, if your prediction does not hold.

In any case, the stop loss order, of any kind, is not a guarantee that it will be made. This is the case with any Order you place (and which is accepted by OANDA) if it is made in accordance with the Account Terms.

### **Order bounds**

In a fast moving, illiquid market situation (the more common example of this is the few seconds after a major news announcement) you will find that the next available Bid or Ask prices may be multiple pips away from where the last Bid or Ask prices provided by OANDA.

OANDA allows you to add upper and lower bounds to an Order which is an Order instructing OANDA to fill your Order if the Bid or Ask price falls anywhere between these two lower and upper bound Order values.

### **Order duration**

On the OANDA fxTrade platform we allow Orders to be open for a range of times, typically from one (1) hour to approximately 100 days. The MT4 platform allows you to set the expiry time for your Order, typically by minute up to approximately 100 days.

Order expiry times can vary due to compliance, operational or market conditions, so please check your Order at the time.

### **Special handling for large transactions**

If a Transaction or series of Transactions occurs in your Account which results in the immediate opening or closure of a position or series of positions within a period of 10 seconds (from the time of opening or closing, as the case may be), in either case with an aggregate notional value that exceeds USD100,000,000 equivalent in any major currency pair as determined by OANDA from time to time (e.g., a pair comprised of any two of AUD, CAD, CHF, EUR, GBP, JPY, USD), or USD30,000,000 equivalent in any other Financial Product (i.e., other instrument), then OANDA will execute your Transaction(s) at the price shown in the OANDA Trading Platform, e.g., OANDA fxTrade, at the time of your Transaction(s). Subsequently, OANDA may debit or credit your Account (as the case may be) for the difference between the price shown in OANDA fxTrade at the time of your Transaction(s) and an amount equal to 1.0 pip above OANDA's actual volume-weighted cost of implementing such Transaction(s) (as determined by OANDA). (Please see trade examples in section 7.)

### **Market regulation**

As stated above, any of your Orders might not be implemented immediately, or at all, because of OANDA's compliance policies and procedures. OANDA cannot give prior notice of this and will not give reasons for any compliance intervention nor will it be liable for that.

### **Change leverage**

The OANDA Trading Platform gives clients the ability to reset that level of leverage that is afforded their OANDA Trading Account. Please note that leverage changes affect all open positions. Lowering leverage may result in a margin closeout.

## **Margin requirements, calculations & policies**

### **Margin policy**

OANDA applies the following main Margin principles:

- Each Client is required to pay a minimum required amount of Margin known as “Initial Margin” before issuance of contracts (or any other product traded on the Electronic Trading Platform).
- The Initial Margin is determined by OANDA based on a number of factors, including the Leverage Ratio applied to an OANDA CFD or OANDA FX Contract, Margin required to hedge the underlying market, any margin which OANDA is required to pay its Hedge Counterparty (if applicable), OANDA’s risk assessment of the Client, and any Realised/Unrealised Loss or any Realised/Unrealised Profit on your Account at any point in time.
- Each Client is required to pay the Initial Margin before issuance of the contracts (or any other product traded on the Electronic Trading Platform) to minimise credit risk to OANDA and that therefore benefits all Clients.
- Each Client’s Account is promptly adjusted for Margin requirements according to market movement so that no Client is intentionally benefited from other Clients’ trading. This could occur if, for example, the Client’s Margin requirements are not adjusted in line with market changes or the credit risk on the Client.

### Paying margin

As explained earlier in this PDS, you must pay the Initial Margin before the OANDA Product is issued to you. You must then maintain the minimum Margin Cover that we specify for your OANDA Trading Account.

To pay Margin you must deposit the funds into the OANDA Client Money Trust Account. The funds are only withdrawn and paid to OANDA after there has been a Realised/Unrealised Loss on your OANDA Trading Account (or to pay for fees, charges or costs or to pay Withdrawable Funds to you).

Your payment to OANDA is effective only when cleared funds are withdrawn from the OANDA Client Money Trust Account; OANDA’s general policy is that it does not accept as payment just your copy of your payment instructions into the OANDA Client Money Trust Account. However, OANDA may, in its discretion, choose to credit your OANDA Trading Account before it withdraws your money from the OANDA Client Money Trust Account.

OANDA is authorised to withdraw all the funds including Margin payments which you deposit due to the Account Terms and due to your payment into the OANDA client money trust account serving as confirmation of your direction for the withdrawal. Do not make any payment into the OANDA client money trust account unless you agree that all of those funds will be withdrawn in payment to OANDA (for Margin and for fees and charges).

### How is margin calculated?

OANDA sets the amount of the Initial Margin and the Margin Cover to maintain the required amount of Margin.

The minimum Initial Margin set by OANDA can be dependent on the Leverage Ratio, the currency pair (in the case of an FX Contract), the type of contract selected by the Client (i.e., an OANDA CFD or OANDA FX Contract) and calculated as a percentage of the full-face value of the contracts.

Below is a table guide on how Initial Margin for OANDA Products is calculated:

Leverage ratio	2:1	10:1	20:1	30:1	40:1	50:1	100:1	200:1
Initial margin	50%	10%	5%	3.33%	2.5%	2%	1%	0.5%

**Example:** The opening Balance of your Account is A\$12,000 and you select a maximum Leverage Ratio of 50:1 to open a position in an OANDA FX Contract so therefore the Initial Margin is 2% of the Contract Value. You decide to enter into a Transaction with a Contract Value of A\$100,000. The Initial Margin required for this Transaction is A\$2,000 (i.e., 2% of A\$100,000).

### Margin closeout

Ordinarily the Initial Margin requirements are calculated to cover the maximum expected movement in the market at any time, but the ongoing Margin Cover will change when the market changes and so might not be sufficient in all circumstances. Owing to the volatility of the market, the amount of minimum Margin Cover to maintain your Open Positions may change after a position has been opened due to OANDA performing a revaluation for any Realised/Unrealised Loss or Realised/Unrealised Profit on your Account.

You should be aware that you can reach the stage of not having enough Margin Cover (because the contracts being marked to market). In this case you have not satisfied your obligation to maintain the minimum Margin Cover. The change in valuation of your contracts by marking to market is automatic so your obligation to maintain the minimum Margin Cover will change very quickly, reflecting the rapid changes in the market values.

The Margin Cover is linked to the Margin Closeout Level as the example below will explain.

To satisfy the minimum Margin Cover requirements, you may:

- Close Out existing positions to reduce your Margin Cover requirements; or
- Pay additional funds as Margin for your OANDA Trading Account; or
- Increase your leverage on an Open Position (only if your contract is not on the maximum Leverage Ratio), however this may give rise to risks (see section 5 on “Other Significant Risks”); or
- A combination of the above

If these actions taken are not sufficient to maintain the minimum Margin Cover, then you risk some or all your positions being automatically Closed Out. Funding options for accounts trading in cryptocurrency CFDs may be restricted, due to restrictions placed by payments providers, and this may have implications for the speed at which you may be able to deposit sufficient funds to meet OANDA’s Margin requirements.

All open positions are monitored on a real-time basis intraday, to ensure changing Margin Cover are identified in a timely manner.

This Margin practice is delivered by OANDA automated process via the Electronic Trading Platform where the platform automatically posts warnings to the Account if you do not maintain the Margin Cover levels. Nevertheless, the Account Terms clearly require the Client to maintain the minimum Margin Cover at all times.

A Client must meet the Margin Cover requirements whether or not the Client has received the warnings on the Electronic Trading Platform. In addition, OANDA seek to provide you with only one daily margin warning alert in a form of email notification at 6am AEDT / 7am AEST, to facilitate your ability to meet them. However, please note that certain market conditions or events may trigger extreme volatility, requiring urgent funds to be applied to retain your open positions.

Nonetheless, we reserve our full rights to immediately close positions in relation to which Margin Cover requirement have not been met, in order to protect against exposure to further losses in the positions.

Under the Account Terms, your obligation to pay Margin arises from the time you have an Open Position. If the market moves resulting in an increase to the Margin Cover obligations, or OANDA increases the Margin Cover, you immediately owe the increased amount of the Margin Cover, regardless of if or when we contact you to pay more Margin. Your obligation to maintain the minimum required Margin remains always, whether or not we contact you and whether or not you log into your Account.

**Example:** Here is an example of how the Margin close out process works:

You deposit \$8,000 in the OANDA client moneys trust account and by this, you pay OANDA for your Account to be credited with \$8,000. You enter into a contract and OANDA requires you to pay Initial Margin of \$8,000 thereby fully utilising the Balance of your Account. At this point, assume the Account Value is at \$8,000.

A short time later, there are fluctuations in the market such that your Account Value falls and is at **52.5% of the Margin Cover**, i.e., your Account Value is \$4,200 (i.e., 52.5% of \$8,000). As a result, you will receive a warning from OANDA that your Account Value is close to the Margin Closeout Level. In this example, the Margin Closeout Level is when the Account Value falls to \$4,000 (or less).

Unfortunately, the market continues to fluctuate unfavourable such that your Account Value is now at **50% or less of the Margin Cover**, i.e., your Account Value is \$4,000 or less (i.e., 50% of \$8,000). **As a result, the Margin Closeout Level will be automatically triggered resulting in all your Open Positions being Closed Out.**

Please note that there is no obligation to give you warnings. We may Close Out your Open Position any time and before the Margin Closeout Level, for example if the market rapidly changes.

In short, the Margin Cover is the amount of Margin required in your Account so that the Margin Cover does not reach the Margin Closeout Level.

We do not represent, warrant, undertake or guarantee that we will Close Out your Open Positions once your Account Value reaches the Margin Closeout Level or that your Open Positions will be Closed Out at any particular level or at any particular time since it is automatically done by the Electronic Trading Platform. You are responsible for losses that you may incur, despite us having the right to Close Out your position before the losses were incurred. You should not wait for, or rely on, warning notices from us.

It is your responsibility to pay your Margin and to maintain the Margin Cover, so please keep in mind the possibility of delays in the banking and payments systems.

Please contact OANDA for further information on the current Margin Closeout Level that applies to you. OANDA may change the Margin Closeout Level at any time

### **Your margin defaults**

If you do not ensure that you maintain the level of Margin Cover, some or all your positions may be Closed Out and the resulting Realised Loss deducted from any proceeds. Any losses resulting from Closing Out your Open Positions will be debited from your OANDA Trading Account and you may be required to provide additional funds to OANDA to cover any shortfall. If you do not comply with your obligations, all your Open Positions can be Closed Out automatically as explained earlier in this PDS.

It is your responsibility to pay your Margin on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If your payment is not credited by OANDA by the time you are required to have the necessary Margin, you could lose some or all your positions. You should maintain a prudent level of Margin and make payments in sufficient time to be credited to your Account. Please see "Margin risks" in Section 5.

As at the date of this PDS, Accounts can be funded by credit card, electronic funds transfer, BPAY® and PayPal®. Other payment methods may be made available at a later stage. We will notify Clients of the latest available payment methods by posting this information on our website.

### **Opening & closing OANDA products**

The terms of each OANDA Product contract are agreed between you and OANDA before entering into the Transaction.

Before you enter into a OANDA Product contract, OANDA will require you to have sufficient Account Value (see the Glossary in Section 8) to satisfy the Initial Margin requirements for the relevant number of contracts.

A position is opened by either buying or selling a OANDA Product.

You go "long" when you buy a contract corresponding with buying the Underlying Security in the expectation that the price of the Underlying Security to which the contract is referable will increase, which would have the effect that the price of the contract to Close Out would increase.

You go "short" when you sell a contract corresponding with selling the Underlying Security in the expectation that the price of the Underlying Security to which the contract is referable will decrease, which would have the effect that the price of the contract will decline..

When you Close Out an Open Position, you are entering into a new position of the same type and number of contracts opposite to your Open Position. You are liable for the costs, fees and charges as described in this PDS (see Section 3). You should be aware that your investment might suffer a loss, depending on the value of your contract at termination compared with the total cost of your investment up to the time of termination

### **Dealing**

Price quotes for dealing in our OANDA Products are indicative only and so are subject to the actual available price at the time of execution of your Order. While OANDA endeavours to execute your Order to the best of its ability, there is no assurance that the Order will be able to be executed at the price of your Order.

Quotes will be given, and Transactions made during the open market hours of the relevant market on which the Underlying Securities are traded. We may be able to provide quotes during suspended hours of the relevant market, but you may not be able to make a Transaction during this time.

OANDA may at any time in its discretion without prior notice impose limits on our products in respect of Underlying Securities. Generally, OANDA would only do this if the market for the Underlying Security has become illiquid or its trading status has been suspended or there is some significant disruption to the markets, including trading facilities.

You should be aware that the market prices and other market data which you view through the OANDA Trading Platforms or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices for the OANDA Products.

You may be able to access your OANDA Trading Platforms outside of the hours when Orders may be accepted; however, Orders will only be accepted and executed when the relevant market is open and the level or price of the Order is reached.

Even though you may be able to place Orders outside of the hours when Orders may be accepted, if you have insufficient account margin when your Order becomes due to be executed, it will be rejected so you should ensure that you have sufficient account margin at the time of placing these Orders.

### **Pricing & liquidity**

OANDA quotes a lower price and a higher price at which you can place your Order. This is referred to as the Bid/Ask spread. The higher quoted price is the indication of the price you can buy the contract. The lower quoted price is the indication of the price at which you can sell the contract.

OANDA's Bid/Ask prices are set by OANDA and so these prices may not be the same as those quoted in the relevant underlying market but OANDA aims to give competitive pricing but please be aware that OANDA does not act as your agent to find you the best prices.

Also, the available pricing may be limited by tick sizes, minimum steps, depending on the general market rules for trading the Underlying Security or OANDA's hedging, so, depending on the product you choose, your Order conversions to enter/exit a position might have to be in minimum increments of pricing before it can be accepted and executed.

The execution of your Order always depends on the “**liquidity**” that's available at all price levels. Although you may be looking to execute at a certain price, the market may have moved significantly or “**liquidity**” may be exhausted, in which case your Order would be filled at the next best price on the “**Price Ladder**”, the average price or the fair market value.

We aim to provide you with the best pricing available and to fill all Orders at the rate you've requested. But there are times when Orders may be subject to what's known as “**slippage**”, because of an increase in volatility or volume. This happens most often during fundamental news events or “**gapping**” in the markets, which create conditions where Orders are difficult to execute because of extreme price movements

### **Pricing model**

You may only enter/exit OANDA Product contracts by using OANDA's prices. OANDA offers prices based on its market making pricing model where OANDA chooses the prices made available to Clients.

OANDA may at any time choose to make hedge contracts, fully or partly or not at all, whether at or around the same time as it issues the contracts to you by making a corresponding hedge contract with its Hedge Counterparty.

Generally, the prices of OANDA Product contracts are set on the OANDA Trading Platforms to give competitive pricing but you should be aware that OANDA is acting as **Principal** to you and so is responsible for setting the prices of opening and closing contracts and OANDA does not act as your **Agent** to find you the best prices.

### **OANDA CFDs – Corporate actions**

If the OANDA CFDs relate to an index, and then a share that is a constituent of the index goes ex-dividend, then typically an adjustment will be made automatically to the index level (by the index provider) to reflect this dividend. OANDA has discretion whether to make an adjustment for an amount for the weighted proportion of the dividend, being an amount to be credited to your Account in respect of your long positions and debited from short positions. Whether the adjustment is made depends on the index and operational matters from time to time. Any adjustment will be uniformly applied across all relevant positions at the time. Please contact OANDA if you have any queries on whether the adjustment will be made to a OANDA CFD or an index.

You may not direct OANDA how to act on a corporate action or other shareholder benefit.

OANDA has a discretion to determine the extent of the adjustment and aims to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

OANDA may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. OANDA may also elect to close an OANDA CFD if the OANDA CFD's Underlying Securities are the subject of a take-over offer, scheme of arrangement or other mechanism for change in control, prior to the closing date of the offer.

OANDA CFDs do not entitle you to direct OANDA on how to exercise any voting rights in connection with the OANDA CFD's Underlying Security.

Clients should be aware that some Exchanges purge orders in securities that undergo corporate actions. You should seek confirmation from OANDA of any action for specific corporate actions that might affect your OANDA CFDs

### **OANDA MT4 hedging account**

OANDA's MetaTrader 4 (MT4) Hedging Compatibility Product simulates the trading of multiple long and short positions in the same instrument over the OANDA MT4 platform. No actual hedging of exposure results from use of the Product. Instead, when a "hedge" transaction is opened in the opposite direction of an existing position, a net position results from the "hedge" transaction rather than two open positions. This netting of positions will be apparent on the fxTrade platform but will appear to be two open positions in OANDA's MT4 platform, when in fact only a single net open position will result.

Because of this hedging simulation, the OANDA MT4 platform may display inaccurate information with regards to the actual Account Balance, Net Asset Value, and Realised/Unrealised Losses and Realised/Unrealised Profits (Unrealised Profit & Loss) of the Account. In addition, the OANDA MT4 platform may provide inaccurate information about impending Margin Closeouts or potential Interest payments and/or charges.

### **Your Counterparty Risk on OANDA**

When you deal in OANDA Product contracts, you have a counterparty risk on OANDA. An element of counterparty risk is "credit risk", so you should consider your credit risk on OANDA having the financial resources at the time to pay you the amounts it owes you. Your potential risk on OANDA is affected by OANDA not always or not fully hedging its contracts as part of its market making model.

You have credit risk on OANDA when your Account has a net credit balance made up from the amounts credited as Margin, the unrealised value of the contracts, other amounts credited to your Account (from closed positions or Finance Charges credited to your Account), other positions posted to your Account (from your other trading using the OANDA Trading Platforms), less fees and charges and the minimum required Margin.

Your credit risk on OANDA is reduced when OANDA pays funds into the OANDA client moneys trust account following a Realised/Unrealised Profit, because those funds are held beneficially for you (instead of you being an unsecured creditor for that same amount).

Your credit risk on OANDA depends on the overall solvency of OANDA, which is affected by OANDA's risk management.

Your credit risk on OANDA is managed and reduced by OANDA making the payments into the OANDA Client Moneys Trust Account for your Account and by OANDA applying its risk management policy and margin policy designed to reduce risk to OANDA and therefore benefit all its clients.

## Section 5 – Significant Risks

Using our products involves several significant risks. You should seek independent advice and consider carefully whether our products are appropriate for you given your experience, financial objectives, needs and circumstances.

### Key risks

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#### Loss from leverage

The contracts have leverage which can lead to large losses as well as large gains. The high degree of leverage in our products can work against you as well as for you. The leveraged nature of the OANDA contracts gives a moderate to high risk of a loss larger than the amounts you pay OANDA as Margin. It can also cause volatile fluctuations in the Margin Cover requirements. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing Out the positions before losses arise.

#### Unlimited loss on short positions

Your potential loss on short positions may be unlimited –more than the amount you pay OANDA for the positions. You can minimise the risk of losses on positions by monitoring your Open Positions and Closing Out the positions before losses arise.

#### Client monies are withdrawn to pay OANDA

The money which you pay into the OANDA client moneys trust account is withdrawn to pay OANDA moneys to which it is entitled. This includes amounts for any Realised/Unrealised Losses as well as for any fees, charges and costs. Those moneys withdrawn to pay OANDA are OANDA's moneys (and are not held for you), reducing the amount of moneys held in the OANDA client money trust account held beneficially for you.

#### Margin risk

You must be able to pay to OANDA the amount of required Margin as and when required, otherwise some or all of your Transactions may be Closed Out without notice to you. Margin Cover requirements are highly likely to change continuously, in line with market movements in the Underlying Security. You should consider there is a high risk of Margin Cover requirements changing and at times very rapidly. There is a moderate to high risk that if the market value of the Underlying Security moves rapidly against you, you will be required to pay more Margin without OANDA giving you notice of that. You can minimise your risk of losing your positions after failing to meet Margin Cover obligations by carefully selecting the type and amount of contracts to suit your needs, having risk management tools in place (such as placing stop loss orders, limit orders or any other Order permitted by OANDA), monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by OANDA. Funding options for accounts trading in cryptocurrency CFDs may be restricted, due to restrictions placed by payments providers, and this may have implications for the speed at which you may be able to deposit sufficient funds to meet OANDA's Margin requirements. Please see Section 3.9 for further information about Margin.

#### Foreign exchange risk

Foreign currency conversions required for your Account (see Section 5 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to potentially adverse changes in the value of your Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a position.



## **Counter party risk on OANDA**

You have the risk that OANDA may not meet its obligations to you under the contracts. The contracts are not Exchange traded so you need to consider the credit and related risks you have on OANDA. OANDA believes that your counterparty risk on OANDA is low, especially due to its feature of paying moneys into the OANDA client moneys trust account if there is any Realised/Unrealised Profit on your Account and due to its Margin policy and risk management which it implements for the benefit of Clients. Another reason OANDA believes that your counterparty risk is low is the additional feature of OANDA not using client moneys to hedge any of its positions with its Hedge Counterparty. Those positions are funded from OANDA's operating account. You can minimise your counterparty risk on OANDA by limiting the amount you pay OANDA, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk resulting in all of your positions being Closed Out. Please see heading "Your Counterparty Risk on OANDA" in Section 4.

## **Other significant risks**

**You should consider these other significant risks involved in our products:**

### **Market risk**

Financial markets can change rapidly; they are speculative and volatile. Prices of currencies depend on a number of factors including but not limited to, for example, commodity prices or central bank decisions, interest rates, demand and supply and actions of governments. Our products are highly speculative and volatile. There is a high risk that market prices may move such that the Contract Value of the position on closing can be significantly less than the amount you invested in them. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You can reduce your risk by understanding the market relevant to the contracts, monitoring your positions carefully and closing your Open Positions before unacceptable losses arise.

### **OTC market**

The products offered by OANDA are derivatives and are not covered by the rules for Exchange-traded contracts. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the National Guarantee Fund do not apply to trading in our contracts. Over-the-counter derivatives, such as the contracts, by their nature may not at times be liquid investments in themselves. If you want to exit the position, you rely on OANDA's ability to Close Out at the time you wish, which might not match the liquidity or market price of the Underlying Security. You can reduce your risk by carefully reading this PDS, the Account Terms and taking independent advice on the legal and financial aspects relevant to you.

### **Market disruptions**

A market disruption may mean that you may be unable to deal in our products when desired, and you may suffer a loss as a result of that. This is because the market disruption events which affect the Underlying Security will also affect the contract positions on the same or very similar basis. Examples of disruptions include the "crash" of a computer based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular series of contracts or a particular trade, and suspends trading in those contracts or cancels that trade. You can attempt to minimise the effect of market disruptions by obtaining information released by the market relevant to the position and taking action after the event as appropriate (if any) to the position held, such as Closing Out because the values have significantly changed since before the event.

### **Orders and gapping**

It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the Contract Value over a short period. There is a moderate to high risk of this occurring. OANDA's ability to Close Out a position depends on the market for the Underlying Security. Stop Loss Orders (and other Order types) may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guaranteed that there will be no loss. You should consider placing Stop Loss Orders or other Orders that may limit your losses but also closely monitor your Account and the relevant market in case the Stop Loss Order is not fully filled or filled at all and you need to take further action to limit your losses. For further information, see section on "Stop Loss Orders".

### **Auto liquidation**

OANDA may without prior notice to you liquidate some or all of your Open Positions if the Account Value balance reaches or falls below the Margin Closeout Level applicable to your Account. This can generate realised losses in your Account. OANDA does not assure you that OANDA will actually act on this right, at any time or in respect of all or any of your Open Positions. It is not something that you should rely upon to manage your risk and your obligation to maintain Margin Cover. The more basic risks to you are that you fail to manage your own Account by maintaining adequate Margin Cover, you fail to monitor your Open Positions, you (wrongly) wait for or rely on warning notices, you (wrongly) rely on OANDA liquidating your Open Positions or you fail to manage your Open Positions before the Account Value balance reaches or falls below the Margin Closeout Level applicable to your Account.

You can manage the risk of OANDA liquidating some or all of your Open Positions, or the risk of you wrongly relying on OANDA to do this, by carefully monitoring your Open Positions, placing and maintaining prudent Orders (including stop loss Orders) and managing your Open Positions before the Account Value balance reaches or falls below the Margin Closeout Level applicable to your Account. Please note that although OANDA may allow you to increase your leverage on an Open Position (only if your contract is not on the maximum Leverage Ratio), this may give rise to a risk that you may be required to pay more Margin to OANDA as a result of increasing your leverage at short or no notice.

### **Electronic trading platform**

You are responsible for the means by which you access the Electronic Trading Platforms or your other contact with OANDA. If you are unable to access the Electronic Trading Platforms, it may mean that you are unable to trade in our OTC contracts (including Closing them Out) or you might not be aware of the current Margin requirements and so you may suffer loss as a result. OANDA may also suspend the operation of the Electronic Trading Platforms or any part of them, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, OANDA has discretion in determining when to do this. If the Electronic Trading Platform is suspended, you may have difficulty contacting OANDA, you may not be able to contact OANDA at all, or your Orders may not be able to be executed at prices quoted to you. There is a moderate to high risk that OANDA imposes volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against OANDA in relation to the availability or otherwise of the Electronic Trading Platforms, nor for their errors and software. Please review the terms and any guidance material for any particular online trading platform.

### **Market**

The rules of the relevant market (if any) or Exchange govern the trading in the Underlying Security and so may indirectly affect the dealing in the contracts. All of the rules (if any) of each relevant market may be relevant to the contracts, so you should consider those rules. The details of those rules are outside the control of OANDA and they may change at any time and without notice to you. Your dealings may be affected by OANDA restricting, delaying or adjusting your Transactions (including Closing Out your positions due to OANDA exercising its discretions for the purpose of complying with its duties, including in relation to market conduct regardless of whether there are any Exchange rules governing any Underlying Securities. This may limit or prevent your profits or cause you loss, without OANDA being liable for that.

### **Conflicts**

Trading with OANDA for its OTC contracts carries an automatic risk of actual conflicts of interests because OANDA is acting as principal in its positions with you and OANDA sets the price of the contracts and also because it might be transacting with other persons, at different prices or rates, or OANDA might be trading with market participants. The policy used by OANDA is that as principal it issues the contract to you based on the price it gives you, not by acting as broker to you. OANDA obtains its price by dealing with its own Hedge Counterparty. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring the contracts' pricing and by monitoring the underlying market. The other trading activities of OANDA, such as acting as broker to its Clients, are conducted without reference to OANDA's dealing in our products with you. OANDA may make those transactions as principal or as agent and may do so to hedge its position and with the intention of making a profit.

### **Valuations**

The products are valued by OANDA. Typically, this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Security on the relevant market which in turn affects the price quoted by any relevant Hedge Counterparty to OANDA. OANDA does not commit to providing prices directly from a market. If the market fails to provide that information (for example, due to a failure in trading systems or data information service) or trading in the Underlying Security is halted or suspended, OANDA determines its value. Due to the nature of our products, in common with industry practice for such financial products, OANDA's discretion is unfettered and so has no condition or qualification. While there are no specific limits on OANDA's discretions, OANDA must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by OANDA in the circumstances permitted by the Account Terms.

### **Regulatory bodies**

A Client may incur losses that are caused by matters outside the control of OANDA. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Security and so the terms of the Client's contract. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which might affect the Underlying Security for the Client's position.

### **OANDA's powers on default, indemnities and limitations on liability**

If you fail to pay, or provide currency for, amounts payable to OANDA or fail to perform any obligation under your Transactions, OANDA has extensive powers under the Account Terms to take steps to protect its position. For example, OANDA has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Account Terms you agree to indemnify OANDA for certain losses and liabilities, including, for example, in default scenarios. You should read the Account Terms carefully to understand these matters.

### **Operational risk**

There is always operational risk in the contracts. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction. We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, including but not limited to faults in the online trading platform or in the provision of data by third parties.

## Section 6 – General Information

### Discretions

OANDA has discretions under the Account Terms which can affect your Orders and positions. You do not have any power to direct how we exercise our discretions.

When exercising our discretions, we will comply with our legal obligations as the holder of an Australian Financial Services Licence. We will have regard to our policies and to managing all risks (including but not limited to financial, credit and legal risks) for ourselves and all our Clients, our obligations to our counterparties, market conditions and our reputation. We will try to act reasonably in exercising our discretions, but we are not obliged to act in your best interests or to avoid or minimise a loss in your Account.

Our significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits we impose on your Account or your trading;
- determining Margin requirements, especially the amount of Initial Margin, minimum Margin requirements, the time to meet any changed Margin Cover;
- determining values of Underlying Securities (for opening and closing positions and for determining Margin);
- setting Bid prices and Ask prices; and
- Closing your positions and setting the Closing Value.

You should consider the significant risks that arise from OANDA exercising its discretions – see Section 4.

Our other discretions include:

- setting our fees and interest rates;
- adjusting our positions for adjustments made by the market to the Underlying Security;
- setting foreign exchange conversion rates;
- opening and closing your Account;
- giving you a grace period for full compliance in paying by cleared funds any amount you owe; and
- interpretation, variation and application of our policies.

Please note that while we have discretions, the Trading Conditions typically are set or applied for automatic outcomes, such as Closing Out all of your Open Positions if you do not maintain the minimum Margin Cover.

### Policies

OANDA has a number of policies that can affect your investments. The policies are guidelines that OANDA (including all of its staff) is expected to follow but policies are not part of the Account Terms and do not give you additional legal rights or powers.

We may change our policies at any time without notice to you. We may amend, withdraw, replace or add to our policies at any time without notice to you. Our policies may help you understand how we operate but all of the important information is set out in or referred to in this PDS, so you should only rely on this PDS and not on the policies.

Our key policies relevant to our products currently are:

- client suitability policy;
- client moneys policy;
- conflicts of interest management policy; and
- hedging policy.

Our key policies are available by contacting us and we will send you a copy of the requested policy free of charge

### **Anti-money laundering laws**

OANDA is subject to anti-money laundering and counterterrorism financing laws (AML laws) that can affect the contracts. If your Account is established, OANDA may disclose your personal information or stop transactions on your Account for the purposes of the AML laws or under OANDA's AML laws procedures, without liability to you for any loss that arises due to that occurring.

### **ASIC guides**

ASIC has released a guide: RG 227 Over-the-counter contracts for difference: Improving disclosure for retail investors. ASIC has also released a guide for investing in contracts for differences: Thinking of trading contracts for difference (CFDs)?

ASIC has stated that it will release further guides to disclosure about OTC financial products and counterparty risk. Potential investors are encouraged to contact ASIC or to visit the ASIC website ([www.asic.gov.au](http://www.asic.gov.au)) for any information released by ASIC on these and other important features and risks of dealing in the contracts.

### **About OANDA**

OANDA is an Australian incorporated company, structured to provide financial services in OTC derivatives to retail and wholesale clients.

We take pride in our company and the products we offer. Our success has been in our ability to offer our valued Clients unrivalled technology and execution-based trading in OTC derivatives. Honesty, transparency and integrity underpin our history, our vision and our future, with our Client's trading success front of mind in everything we do.

Further information about OANDA is available on its website at [www.oanda.com](http://www.oanda.com). OANDA will provide on request free of charge a copy of its most recently available audited financial reports.

### **Taxation implications**

The following information should be regarded as general information only and is based on Australian tax laws as at the date of this PDS.

Our products will have taxation implications for Clients, depending on the current tax laws and administration, the nature of the Client for tax laws, the terms of the transactions and other circumstances. These are invariably complex and specific to each Client. You should consult your tax advisor before trading in these financial products.

The following summary assumes that the Client will hold the contract on revenue account, i.e., the Client will be carrying on a business of either trading or investing in these types of financial products or the Client will enter the financial products for profit making purposes (or both). This summary does not consider the taxation position if you enter the financial products detailed in this PDS for the purposes of hedging risks associated with other investments held by the Client on capital account.

If you are entering into a contract for the purposes of hedging, then the taxation consequences will depend on the nature of the underlying transaction or the asset or liability which is being hedged. It is recommended that you obtain your own professional taxation advice for this scenario.

The Australian Taxation Office (ATO) Taxation Ruling 2005/15 describes the income tax and capital gains tax implications of trading in contracts for differences. A summary of ATO Taxation Ruling is available at:

[www.law.ato.gov.au/atolaw/view.htm?docid=TXR/TR200515/NAT/ATO/00001](http://www.law.ato.gov.au/atolaw/view.htm?docid=TXR/TR200515/NAT/ATO/00001)

The ATO Taxation Ruling 2005/15 does not specifically refer to FX Contracts however, it may be implied that since CFDs with an Underlying Security as an FX Contract have similar legal characteristics as a CFD, guidance could be taken from this taxation ruling. However, we still advise that Clients seek their own independent tax advice in relation to the taxation implications of entering into FX Contracts.

### **Profits and losses on our contracts**

Any realised gains derived, or losses incurred by you in respect of a contract ordinarily should be included in your assessable income. Realisation will generally occur when the right or obligation to receive or pay on the contract ceases.

When calculating the amount of profit or loss, you need to consider the difference between the Closing Value and the Contract Value on commencement of the position and any fees on Open Positions paid or received by you.

The availability of tax deductions or losses incurred as a result of entering into these contracts to offset current and future year income will depend on your personal circumstances and you will need to seek advice from your tax adviser in this regard.

### **Interest**

If you receive any Interest on your Account, it is likely to be treated as assessable income for Australian tax purposes at the time that it is credited to the Account. If you do not provide your TFN (or ABN if applicable) or proof of exemption, OANDA may be required to withhold tax from any interest payment at the highest marginal rate (possibly plus any levy). See below information on “Tax file number withholding rules”.

### **Capital gains tax**

It is our understanding that a contract for difference and a FX Contract will be classified as capital gains tax assets under the Income Tax Assessment Act 1997 (Commonwealth) (ITAA). Your dealing in the contracts will have capital gains tax implications for you. In calculating any capital gain or loss in respect of your dealing in our contracts, it is our understanding that you are entitled to take into consideration the cost of acquiring, holding and disposing of the contract.

### **Tax file number withholding rules**

The tax file number withholding rules only apply to those investments as set out in income tax legislation. OANDA’s current understanding is that those withholding rules do not apply to its financial products; however, if it is later determined to apply and you have not provided OANDA with your tax file number or an exemption category, OANDA may be obliged to withhold interest payments, if any, at the highest margin tax rate and remit that amount to the ATO.

### **Other fees, charges or commissions**

If the position gives rise to gains that are assessable or losses that are deductible, any fees other than charges or commissions ordinarily should be available as a deduction at the time they are paid by the investor and debited against their Account.

### **Goods and services tax**

According to the ATO GST Determination GSTD2005/3, the provision, acquisition or disposal of a contract for difference and a FX Contract is a financial supply under the provisions of the A New Tax System (Goods and Services) Tax 1999 and related regulations and is input taxed, with no GST imposed. .

Except for fees and charges as set out in this PDS, amounts payable for or in respect of positions are not subject to goods and service tax for Australian residents. However, Clients should seek their own independent advice

### **Cooling off**

There is no cooling off arrangement for our offering. This means that you do not have the right to return any OANDA OTC contract acquired, nor request a refund of the money paid to acquire the contract. If you change your mind after entering into a contract with OANDA, you must close it out, pay any Transaction costs and take the risk of incurring a loss in doing so.

### **Ethical considerations**

Our OANDA OTC contracts do not have an investment component.

Labour standards or environmental, social or ethical considerations are not considered by OANDA when making, holding, varying or Closing Out the contracts.

### **Jurisdictions**

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws.

OANDA’s operations are governed by the laws of Australia.

## **OANDA insurance**

OANDA has a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits arising from dealing with a Hedge Counterparty or if there is fraudulent activity by one of OANDA's employees, directors or authorised representatives that results in your money being used in fraudulent activities.

If the insurance policy is insufficient or the insurer fails to perform its obligations, OANDA may not be able to make the payments it owes to you.

## **Dispute resolution**

OANDA is committed to providing our clients with outstanding service. However if you have a complaint about the financial product or service provided to you, please raise the issue with us by taking the following steps:

- Contact our OANDA Client Experience Team and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
- If your complaint is not satisfactorily resolved through your adviser, within two Business Days of receipt of your complaint, please put your complaint in writing and send it to the Compliance Department at:

OANDA Australia Pty Ltd  
Suite 4303, Floor 43  
225 George Street, The Rocks  
Sydney NSW 2000  
or by email at:  
auscompliance@oanda.com

OANDA will make every effort to try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within two Business Days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 45 days of receipt of your written complaint.

- If you are not satisfied with the final response provided by our Compliance Department, you have the right to complain to the Australian Financial Complaints Authority (AFCA), if your complaint is within its rules. AFCA is an external dispute resolution scheme. The contact details for AFCA are:

Australian Financial Complaints Authority (AFCA)  
Online: [www.afc.org.au](http://www.afc.org.au)  
email: [info@afc.org.au](mailto:info@afc.org.au)  
Phone: 1800 931 678  
Mail: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

Please note that we will need to respond to your complaint prior to AFCA initiating any investigation into your complaint.

OANDA is a member of the AFCA complaints resolution scheme. The service provided to you by AFCA is free of charge.

The Australian Securities and Investments Commission (ASIC) also has an Info line on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

## **Privacy**

All the information collected by OANDA, in the application form or otherwise, is used for the purpose of providing you with the financial products and services, maintaining your Account, and for the purpose of assessing whether you would be suitable as a Client.

OANDA has obligations under and has procedures in place to ensure its compliance with the Privacy Amendment (Enhancing Privacy Protection) Act 2012 (Commonwealth), as amended from time to time (**Privacy Act**) and to be bound by the Australian Privacy Principles.

Significantly, these include the following:

### **Collecting personal information**

In collecting personal information, OANDA is required:

- to collect only information which is necessary for the purpose described above;
- to ensure that collection of the information is by fair and lawful means; and
- to take reasonable steps to make you, the individual, aware of why the information is being collected and that you may access the information held by us.

If necessary, OANDA may also collect information on directors and shareholders of a corporate client or agents or representatives of the Client. OANDA may be required by law to collect information, such as for taxation purposes or to identify persons who open or operate an account.

OANDA may take steps to verify information given to it, in accordance with relevant laws, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although OANDA may disclose this information to its related bodies corporate or agents in the ordinary course of OANDA providing you with its products and services

### **Using the personal information**

Once OANDA has collected the information from you, OANDA will only use the information for the purposes described above unless you consent otherwise.

Personal information may be disclosed to:



- any person acting on your behalf, including your advisor, accountant, solicitor, executor, attorney or other representative;
- related bodies corporate or agents in the ordinary course of OANDA providing you with its products and services if you use, or intend to use, services of those other corporations;
- any organisations to whom OANDA outsources administrative functions;
- brokers or agents who refer your business to OANDA (so that we may efficiently exchange information and administer your account);
- regulatory authorities;
- as required or permitted by law or by court order.

This information will not be disclosed to any other person without your consent.

You may access your personal information held by OANDA (subject to permitted exceptions), by contacting OANDA.

As OANDA is obliged by law to take reasonable steps to ensure that the personal information used is accurate, up to date and complete, please inform us immediately if any of the information provided in this section changes.

### **Retaining personal information**

OANDA takes reasonable steps to maintain secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure.

### **Privacy complaints**

Any concerns you may have regarding OANDA's privacy practices or specific complaints about how personal information has been collected, used or disclosed should be forwarded in writing to OANDA's Privacy Officer. OANDA will thoroughly investigate the complaint and will take whatever actions are warranted and will then notify you once this has been done.

If you have a concern or complaint that our actions have breached the Privacy Act or the Australian Privacy Principles, you can contact us by phone on: 13000 OANDA (62632) or write to us at:

#### **The Privacy Officer**

**OANDA Australia Pty Ltd**

**Suite 4303, Floor 43**

**225 George Street, The Rocks**

**Sydney NSW 2000**

**Email: [auscompliance@oanda.com](mailto:auscompliance@oanda.com)**

If you are not satisfied with our response you can call the Privacy Commissioner's hotline on 1300 363 992.

## Section 7 – OANDA Trading Examples

<b>Opening transaction – Brent Crude Oil CFD</b>	
Quote Bid/Ask	110.00/110.05
Open Transaction Price to Buy	110.05
Transaction Size	100 Units (1 unit = 1 Barrel)
Transaction Value	100 x 110.05 = US\$11,005.00
Initial Margin @ 50:1 Leverage	US\$11,005/50 = US\$220.10
<b>Closing transaction – Brent Crude Oil CFD</b>	
Quote Bid/Ask	115.00/115.05
Closing Transaction Price to Sell	115.00
Transaction Size	100 Units (1 Unit = 1 Barrel)
Transaction P&L	US\$495.00cr
(Closing Sell Price – Opening Buy Price)	(115.00 – 110.05) x 100
x Transaction Size	US\$2.50dr
Financing (Debit/Credit)	US\$2.50dr
Net Transaction Profit	US\$492.50cr

<b>Opening transaction – US SPX 500 Index CFD</b>	
Quote Bid/Ask	1800.0/1801.0
Open Transaction Price to Sell	1800
Transaction Size	50 Units
Transaction Value	50 x 1800 = US\$90,000.00
Initial Margin @ 50:1 Leverage	US\$90,000/50 = US\$1,800.00
<b>Closing transaction – US SPX 500 Index CFD</b>	
Quote Bid/Ask	1849/1850
Closing Transaction Price to Buy	1850
Transaction Size	50 Units
Transaction P&L	US\$2,500dr
(Opening Sell Price – Closing Buy Price) x Transaction	(1850 – 1800) x 50
Size	US\$6.67cr
Financing (Debit/Credit)	US\$2,493.33dr
Net Transaction Loss	

<b>Opening transaction – USD/JPY FX contract</b>	
Quote Bid/Ask	103.99/104.00
Open Transaction Price to Buy	104.00
Transaction Size	100,000 Units (1 Standard Lot)
Transaction Value	¥100,000/104 = US\$961.54
Initial Margin @ 100:1 Leverage	US\$961.54/100 = US\$9.61
<b>Closing transaction – USD/JPY FX contract</b>	
Quote Bid/Ask	94.00/94.01
Closing Transaction Price to Sell	94.00
Transaction Size	100,000 Units (1 Standard Lot)
Transaction Value	¥100,000/94 = US\$1,063.83
Transaction P&L	US\$102.29cr
(Closing Sell Value – Opening Buy Value)	(US\$1,063.83 – US\$961.54)
Financing (Debit/Credit)	US\$11.17cr
Net Transaction Profit	US\$113.46cr

<b>Opening transaction – AUD/USD FX contract</b>	
Quote Bid/Ask	0.7707/0.7712
Open Transaction Price to Sell	0.7707
Transaction Size	300,000 Units
Transaction Value	A\$300,000 x 0.7707 = US\$231,210
Initial Margin @ 100:1 Leverage	US\$231,210/100 = US\$2,312.10
<b>Closing Transaction – AUD/USD FX contract</b>	
Stop Loss Order – Buy @ 0.7750	
Quote Bid/Ask	0.7749/0.7750
Closing Transaction Price to Buy	0.7750
Transaction Size	300,000 Units
Transaction Value	A\$300,000 x 0.7750 = US\$232,500
Transaction P&L (Opening Sell Value – Closing Buy Value)	US\$1,290.00dr (US\$231,210 – US\$232,500)
Financing (Debit/Credit)	US\$20.00dr
Net Transaction Profit	US\$1,310.00dr

## Trading with MT4 hedging compatibility enabled

### Opening the first position

With your MT4 Hedging Compatibility account, you decide to open a 2 lot (which equals 200,000 units on fxTrade) position going long AUD/USD on the MT4 platform (note: It is not possible to open trades on the desktop fxTrade platform, nor advised to open/close trades on other fxTrade platforms).

Both the MT4 and fxTrade will display the same open position and Margin Used, and interest will be accrued based on this position.

### Opening a second, hedged position

You decide to open a 1 lot (100,000 unit) trade going short AUD/USD with your MT4 Hedging Compatibility account on the MT4 Platform.

The MT4 platform will display two positions: a 2 lot trade long AUD/USD and a 1 lot trade short AUD/USD. Margin Used is represented as 2 lots (aka, the longest leg of your hedged positions), influencing the calculation of how much Margin Available remains for future trades. All Profit/Loss will be displayed as unrealized.

fxTrade (the system of record) will partially close your long position of 200,000 units of AUD/USD (equivalent to 2 lots) and display a single, net position of 100,000 units long AUD/USD. Margin Used is 100,000 units, influencing how close you are to a margin closeout. Any Profit/Loss held on the additional 100,000 units long AUD/USD that has now been closed will become realized. Interest will be accrued based on this, net position.

### Closing all positions, starting with the longest leg

You decide to close all of your positions in MT4, starting with the 2 lot long AUD/USD position.

Once closed, the MT4 platform will display realized profits/losses on that 2 lot position. The fxTrade platform will then simultaneously close your net position of 100,000 units long AUD/USD (realizing all profits/losses) while opening a new position of 100,000 units short AUD/USD. All profits/losses from the 100,000 unit long position will be realized, while new profits/losses from the 100,000 unit short position will remain unrealized.

Both MT4 and fxTrade will then display the same remaining position for 1 lot/100,000 units short AUD/USD, with 1 lot/100,000 units of Margin Used.

### Closing your remaining position

You then decide to close your sole remaining 1 lot position short AUD/USD.

Once closed, both the MT4 and fxTrade platform will realize all profits/losses, and Margin Used will reset to 0.

**Special handling of large transactions – margin closeout causing large sell transaction**

You have a long position of 40,000,000 USD/SEK, and a downward move in the USD/SEK price causes a Margin Closeout of the position. At the time of the Margin Closeout, the USD/SEK price on OANDA fxTrade is 8.54248/8.54652.

Your position is sold at the Bid price, which is 8.54248. After the Transaction is executed, OANDA hedges the Transaction (the subject of the Margin Closeout) by executing the following Transactions with its Hedge Counterparty:

Sell 30,000,000 USD/SEK at 8.54208

Sell 10,000,000 USD/SEK at 8.54244

**Note:** The Contract Value is specified as a negative value when it is a sell Transaction.

The volume-weighted cost of the hedge transactions is:

$$((-30,000,000 \times 8.54208) + (-10,000,000 \times 8.54244)) \div (-30,000,000 + -10,000,000) = 8.54217$$

The price difference is calculated as the difference between 1.0-pip in excess of the volume-weighted cost and the executed price. The price difference is denoted in the second currency of the currency pair, which is SEK for USD/SEK.

$$\text{Price difference} = (\text{volume-weighted cost} - 0.0001) - \text{executed price} = (8.54217 - 0.0001) - 8.54248 = -0.00041 \text{ SEK}$$

Note that the 1.0-pip is deducted from the volume-weighted cost because the Margin Closeout is a sell Transaction, and 1.0-pip on USD/SEK equals 0.0001 SEK.

The special handling debit is calculated by multiplying the price difference by the Contract Value.

$$\begin{aligned} \text{Special handling debit} &= \text{price difference} \times \text{Contract Value} \\ &= -0.00041 \text{ SEK} \times -40,000,000 \\ &= 16,400 \text{ SEK or equivalent to USD1,918.91.} \end{aligned}$$

A special handling debit of 16,400 SEK or USD1,918.91 is debited from your Account.

### Special handling of large transactions – margin closeout causing large buy transaction

You have a short position of 125,000,000 EUR/USD, and an upward move in the EUR/USD price causes a Margin Closeout of the position. At the time of the Margin Closeout, the EUR/USD price on OANDA fxTrade is 1.09346/1.09355. Your position is bought at the Ask price, which is 1.09355.

After the Transaction is executed, OANDA hedges the Transaction (the subject of the Margin Closeout) by executing the following Transaction with its Hedge Counterparty:

Buy 60,000,000 EUR/USD at 1.09340  
 Buy 40,000,000 EUR/USD at 1.09345  
 Buy 25,000,000 EUR/USD at 1.09347

**Note:** The Contract Value is specified as a positive value when it is a buy Transaction.

The volume-weighted cost of the hedge Transaction is:

$$((60,000,000 \times 1.09340) + (40,000,000 \times 1.09345) + (25,000,000 \times 1.09347) \div (60,000,000 + 40,000,000 + 25,000,000)) = 1.09343$$

The price difference is calculated as the difference between 1.0-pip in excess of the volume-weighted cost and the executed price. The price difference is denoted in the second currency of the currency pair, which is USD for EUR/USD.

$$\text{Price difference} = (\text{volume-weighted cost} + 0.0001) - \text{executed price} = (1.09343 + 0.0001) - 1.09355 = -0.00002 \text{ USD}$$

Note that the 1.0-pip is added to the volume-weighted cost because the Margin Closeout is a buy Transaction, and 1.0-pip on EUR/USD equals 0.0001 USD.

The special handling credit is calculated by multiplying the price difference by the Contract Value.

$$\begin{aligned} \text{Special handling credit} &= \text{price difference} \times \text{Contract Value} \\ &= -0.00002 \text{ USD} \times 125,000,000 \\ &= -2,500 \text{ USD} \end{aligned}$$

A special handling credit of USD2,500 is credited to your Account.

### Notes to all examples in this PDS:

- The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
- These examples are not intended to be exhaustive and document every trading strategy.
- The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Account or the time value of money. OANDA charges, and credits, interest which is calculated per second. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
- Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to Trading Conditions prior to trading.
- You are reminded that OANDA may set a lower Margin Closeout Level and so you should also not assume that OANDA will apply an automatic Close Out if its internal Margin Closeout Level is exceeded. You should decide your own exit levels and monitor your positions.
- OANDA does not guarantee that you will avoid losses or that your Orders can be implemented in every scenario.

## Section 8 – Glossary

**ABN** means Australian Business Number.

**Account** means your account with OANDA established under the Account Terms, including all Transactions recorded in them, for using the Electronic Trading Platform.

**Account Terms** means the terms of your Account with OANDA for all of your Accounts by which you deal in Transactions (as amended from time to time). Variations or additional terms may be notified to you from time to time in accordance with your current Account Terms.

**Account Value** means the current value of your Account which is calculated by OANDA by combining:

- the equivalent balance of your Account in the OANDA client moneys trust account;
- the Realised/Unrealised Losses and Realised/Unrealised Profits;
- indicative costs to Close (fees, Finance Charges); and
- the values of Transactions not yet booked.

**AML Laws** means the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Commonwealth) and any related regulations, rules and instruments.

**Ask** means the price which OANDA as the seller is willing to accept i.e., the price at which you can buy the contract. This is also known as the “offer price”.

**ASX** means the currencies and other Exchanges operated by ASX Limited.

**ATO** means the Australian Taxation Office.

**Australian Dollars** or **AUD\$** means the lawful currency of the Commonwealth of Australia.

**Balance** means the funds available in an Account that may be used for trading the contracts.

**Base Currency** is the first currency quoted in a currency pair, for example in the quote AUD/USD, the AUD is the Base Currency.

**Bid** means the price which OANDA as the buyer is willing to accept i.e., the price at which you can sell the contract.

**Business Day** means a weekday which is not a gazetted public holiday in Sydney.

**Client** refers to the person who has an Account with OANDA.

**Close Out, Closed Out and Closing Out** in relation to a Transaction means discharging or satisfying the obligations of the Client and OANDA under the transaction and this includes matching up the Transaction with another Transaction of the same kind under which the Client has assumed an offsetting opposite position.

**Closing Value** means the value determined by OANDA by multiplying the number of your contract by the price (or, if an index, the level) of the contract.

**Commission Charges** means the commission charged to your Account calculated in accordance with the Pricing Sheet.

**Commodity Transaction** means a transaction to buy or sell a specific quantity of a described commodity or to make a payment calculated by reference to changes in the level of an index or interest rate, at an agreed date in the future.

**Contract Value** means the face value of the contract, and is calculated by OANDA by multiplying the applicable price (or, if an index, the level) of the contract by the number of contracts.

**Core Pricing** means OANDA’s optional commission based on pricing model for Trades.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Electronic Trading Platform** means any of the online trading platforms provided by OANDA, however they are delivered for accessing your Account and placing Orders.

**Exchange** means the relevant market or any other exchange or market on which the relevant Underlying Security trades or, in the case of an index, to which it relates.

**Finance Charge** means a charge payable by you in respect of your Transaction, in accordance with the Account Terms. This is sometimes referred to as “interest charge” in this PDS and on the Electronic Trading Platform.

**Finance Credit** means a payment (or credit) to you by OANDA in respect of your Transaction, in accordance with the Account Terms. This is sometimes referred to as “interest credit” in this PDS and on the Electronic Trading Platform.

**FX Contract** means an OTC contract which is a foreign exchange contract.

**Gapping** is when a trading instrument opens above or below the previous day’s close with no trading activity in between. Intraday Gapping is when a trading instrument trades at a price away from the previous traded price without trades occurring at intervening prices.

**Hedge Counterparty** means a person with whom OANDA enters into a hedge contract to hedge OANDA’s exposure to Client positions.

**Initial Margin** means the amount which you are required to pay to OANDA as the initial Margin to open a position.

**Inactivity Fee** means a charge to your account, calculated in accordance with Section 3 of the PDS.

**JPY** means the lawful currency of Japan.

**Legacy Trading Engine** means the historic trading engine used in accounts opened prior to 22nd October 2015

**Leverage Ratio** means the ratio set by OANDA which enables the Client to open a Transaction with an exposure referable to that ratio.

**Liquidity** describes the degree to which an asset or security can be quickly bought or sold in the market at a price

**Margin** means the amount of cash or other assets paid to OANDA and credited to your Account as Margin

**Margin Call** means is a demand for additional funds made to the client by OANDA to meet any additional margin requirement.

**Margin Closeout** means an automatic Close Out of Open Positions which occurs when the Account Value falls to a level that does not meet the Margin Cover.

**Margin Closeout Level** means the level at which there will be an automatic Close Out of all of your Open Positions which occurs when the Account Value falls to a level that does not meet the Margin Cover.

**Margin Cover** means the minimum amount of Margin required to be maintained in your Account before the Account Value reaches the Margin Closeout Level.

**OANDA** means OANDA Australia Pty Limited ACN 152 088 349; AFSL 412981.

**OANDA CFD** means an OTC contract, known as a “contract for difference” issued by OANDA for the parties to pay in cash the difference in prices/index level of securities on the terms of the Account Terms.

**OANDA Client Moneys Trust Account** means the bank account (or any one of several of them) maintained by OANDA as a trust account under section 981B of the Corporations Act. The moneys held in it beneficially for you are credited to your Account.

**OANDA Commodity CFD means** an OANDA CFD (issued by OANDA) whose Underlying Security is a Commodity Transaction.

**OANDA fxTrade** means the electronic trading platform made available by OANDA to enable the Client to deal in OANDA CFDs and OANDA FX Contracts.

**OANDA Index CFD** means an OANDA CFD whose Underlying Security is an index comprised of securities of issuers listed on an Exchange, typically an index sponsored or promoted by an Exchange. The S&P™/ ASX 200™ is an example, so a S&P™/ ASX 200™ OANDA Index Contract is an OANDA CFD whose Underlying Security is the S&P™/ ASX 200™ and the values are based on the index levels of the S&P™/ ASX 200™. The index sponsor has no involvement in the OANDA CF.

**OANDA MT4** means the Meta Trader 4 electronic trading platform made available and re-branded by OANDA to enable the Client to deal in the contracts. Meta Trader 4 is provided by MetaQuotes Software Corp, a company located in Nassau, Bahamas.

**OANDA Treasury CFD** means an OANDA CFD whose Underlying Security is a bond or similar fixed income securities issued by a government, government entity, a bank or other entity.

**Open Position** means, at any time, a Transaction which has not been Closed Out, or settled prior to the time agreed for settlement.

**Order** means any instruction provided by you to enter into a Transaction or to Close Out a Transaction.

**OTC** means over-the-counter (in contrast with exchange traded).

**OTC Contract** means an over-the-counter contract for a financial product, including options and contracts in respect of foreign exchange or other commodities, such as metals.

#### **Price Ladder**

The portion of an Order ticket that displays multiple Buy Prices and Sell Prices for a Product, to reflect the Price Depth for different sized Orders in that Product, as generated by the Platform from time to time.

**Price Sheet** means the then current OANDA Core Pricing and Commission Price Sheets as updated from time to time by OANDA and set forth on OANDA's Web site at <https://www.oanda.com/help/policies/au/price-card>

**Realised/Unrealised Loss** means:

- realised loss – the amount by which the value of an Open Position on Close Out is less than the value of the Open Position when the Open Position was last valued or if the Open Position has never been valued previously, it is the value when the position was opened; and
- unrealised loss – the amount by which the value of an Open Position (not on Close Out) is less than the value of the Open Position when it was last valued or if the Open Position has never been valued previously, it is the value when the position was opened.

**Realised/Unrealised Profit** means:

- realised profit – the amount by which the value of an Open Position on Close Out is more than the value of the Open Position when the Open Position was last valued or if the Open Position has never been valued previously, the value when the position was opened; and
- unrealised profit – the amount by which the value of an Open Position (not on Close Out) is more than the value of the Open Position when it was last valued or if the Open Position has never been valued previously, the value when the position was opened.

**SEK** means Swedish krona or the lawful currency of Sweden.

**Slippage** refers to the difference between the expected price of a trade and the price at which the trade is executed. Slippage can occur at any time but is most prevalent during periods of higher volatility when market orders are used. It can also occur when a large order is executed but there isn't enough volume at the chosen price to maintain the current bid/ask spread.

**Term Currency** is the second currency quoted in a currency pair, for example for the quote AUD/USD, the Term Currency is the USD.

**TFN** means tax file number.



**Trading Conditions** means the operating rules and conditions for your trading on the Electronic Trading Platform from time to time.

**Transaction** means any of the kinds of contracts which are traded under the Account Terms.

**Underlying Index** means the Underlying Security which is an index when it is used as the basis for the calculations of prices for the OANDA Index Contract.

**Underlying Security** means the instrument which is used as the basis for the calculations of prices for your contracts.

**USD or US Dollars** means United States dollar or the lawful currency of the United States of America.

**V20 Trading Engine** means the new evolution of OANDA's trading engine available from the 22nd of October 2015. All new accounts and sub accounts from this date will utilise the v20 Trading Engine.

**Variation Margin** or mark to market is not collateral, but a constant payment of profits and losses. OANDA Products are marked-to-market in real time, so the current price is compared to the opening transaction price of the OANDA Product. The profit or loss of a position is then paid to or debited from the trading account in real time.

**Withdrawable Funds** means the amount of cash which may be paid to you from the Account if requested. There are Withdrawable Funds only if you have excess Margin Cover. The amount of the Withdrawable Funds is the lesser of the Balance of your Account and the Margin Cover.

