



# Financial Services Guide

## Margin Foreign Exchange & CFD Trading

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**Risk warning:** Derivatives including spread betting, CFDs and forex trading are leveraged products and, as such, carry a high level of risk to your capital, which can result in losses greater than your initial deposit. In addition, you will not have any legal right to the underlying instruments. These products may not be suitable for all investors. Ensure you fully understand all risks and take care to manage your exposure and seek independent advice, if necessary. It is important for you to consider the relevant legal documents including the Product Disclosure Statement (in particular the section headed "Significant risks") and the Client Terms and Conditions (both available free of charge on our website), before you decide whether or not to acquire any of our products..

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## 1. What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document to help you understand and decide if you wish to use the financial services we can offer you.

It provides you with information about **TF Global Markets (Aust) Limited, ABN: 69 158 361 561 (ThinkMarkets, us, our, we)** and the services we provide. Its purpose is to educate you so you can decide whether to use our financial services.

This FSG contains information about:

- who we are and how we can be contacted;
- what services and products we are authorised to provide to you;
- how we (and any other relevant parties) are paid; and
- who to contact if you have a complaint.

If you would like further information, please ask us.

Before we issue any financial products to you, we will provide you with a Product Disclosure Statement ("PDS"). The PDS contains information about the financial product to assist you in making an informed decision about that product. It will outline relevant terms, significant risks (where such exist), and fees and charges associated with the product.

We occasionally provide general advice regarding the financial markets or our services. If we provide you with general advice, it may not be appropriate to your needs, financial situation or objectives, and you should consider your circumstances before choosing to proceed with using our products. Additionally, you should obtain and read our PDS before making a decision. Although we collect personal information about you when you open an account with us (and in some other situations), we do not consider that information if we provide general advice to you.

We have arrangements in place to maintain adequate professional indemnity insurance as required by the Corporations Act 2001. This insurance provides cover for claims made against us and our representatives/employees including claims in relation to the conduct of representatives / employees who no longer work for us but who did so at the time of the relevant conduct.

## 2. Who will be providing the Financial Services to you?

### The Licensee

ThinkMarkets is the holder of an Australian Financial Services Licence (424700) and is responsible for the financial services that it and its representatives provide to you.

ThinkMarkets' Melbourne office is located at Level 18, 357 Collins Street, Melbourne, VIC, Australia 3000.

ThinkMarkets authorises and is also responsible for the content and distribution of this FSG. If you have any questions about this FSG or our services, you can contact ThinkMarkets at:

Level 18, 357 Collins Street, Melbourne, 3000



You can instruct us to provide you with our services by contacting us via our online trading platform. In the event that the online trading platform is unable to receive your instructions, you can instruct us via telephone.

### **3. On whose behalf are we acting when we provide our services to you?**

As we are the product issuer, we are acting on our own behalf when we provide the services. We do not act on your behalf.

### **4. What services and products are we authorised to provide to you?**

We are authorised by our AFSL, to give you general advice to both retail and wholesale clients in relation to derivatives and foreign exchange contracts. We are also authorised to deal in relation to derivatives and foreign exchange contracts.

This means that we can give you general advice and help you use our trading platforms. We can also help you fill out the forms and undertake and complete trades and other related transactions (including making deposits, withdrawals and account transfers).

ThinkMarkets is also authorised by its AFSL to “make a market” for foreign exchange and derivatives contracts. This means that we set our own prices for the products we issue. The prices we set may diverge significantly from the market price for the underlying instrument.

In providing our service, other financial issues may arise, such as how to invest money, or taxation issues. However, we are not authorised to provide advice relating to those financial issues, or any other issues except those explained above. You should seek specific advice from the appropriate professionals if these issues are relevant to you. Also, we are not registered tax agents under the Tax Agent Services Act 2009. If our general advice has tax implications, you should seek advice from a registered tax agent before relying on advice that may impact your tax obligations, entitlements and liabilities.

### **5. What fees and commissions are payable to TF Global?**

There are a number of costs, fees and commissions that you may be required to pay us, in order to use our services:

Type	Description
Spread Cost	<p>Margin foreign exchange contracts, foreign exchange contracts and contracts-for-difference (“CFD”) transactions, incur costs relating to the spread, which is the difference between the bid price and offer price.</p> <p>The “bid price” is the price at which we are willing to buy the underlying asset or currency from you and the “offer price” is the price at which we are willing to sell to you.</p> <p>Taking the example of a foreign currency trade, we buy currency on the wholesale market and sell it to you after building in a spread. We also buy currency from clients and sell it to other clients after building in a spread. The price difference of this spread will depend on factors such as the size and value of the transaction and prevailing</p>

	<p>market rates. Larger transactions and lower volatility results in lower spreads.</p> <p>This spread is paid by you but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates.</p> <p>We earn a spread whenever you trade with us. Of course, all buying, and selling of derivatives is notional, because ThinkMarkets typically does not actually deliver the underlying asset – it offers a platform that lets you trade over currencies only.</p> <p>Sometimes, in order to trade on our platforms, TF Global will convert your money into, say, USD and this is an example of when physical delivery does occur. We also charge a spread in this instance.</p> <p><b>Example of a spread</b></p> <p>If we quote 1.3157 (bid) and 1.3159 (offer) for EUR/USD on our online platform, then the spread of every lot of EUR/USD is <math>(1.3159 - 1.3157) \times 100,000</math> (the contract or lot size) = \$20 USD. This spread will be deducted from your account balance at the same time that you click “buy” or “sell” on the platform.</p>
Commission	<p>A commission may be charged to you in addition to the spread on each transaction, depending on which of our trading platforms and account type you select. This is defined in our account types page found on our website</p> <p><a href="http://www.thinkmarkets.com/au/trading-platforms/account-types/">http://www.thinkmarkets.com/au/trading-platforms/account-types/</a> and also inside the client portal found at <a href="http://portal.thinkmarkets.com">http://portal.thinkmarkets.com</a></p> <p>The commission charged will typically be between <b>.01%</b> and <b>5%</b> of the executed opening and closing transaction value.</p> <p>If you use our services via a third party such as an introducing broker (see Section 6 below), you may also be charged a commission by us, on their behalf, in one of two ways:</p> <ul style="list-style-type: none"> <li>• a fixed amount for each transaction (e.g. USD \$3.50 per transaction of 100K bought and sold); or</li> <li>• an amount which is added to the existing spread (e.g. An extra 2 basis points [0.02%] to the spread).</li> </ul> <p>The precise commission which will be payable by you will depend on a number of factors, including the volume of trading you undertake, the platform you use, and the products and services you acquire from or through us.</p>



## Rollover interest rate

You may earn or pay interest, (*rollover interest*) by entering and holding a margined foreign exchange contract or CFD contract overnight.

### **Margin Foreign exchange**

The interest rate you earn or pay depends on the type and size of products that you buy or sell, the interest rate differential between the currency pair you have bought/sold and the duration of the rollover period.

Interest rates are calculated on an on-going basis and subject to change due to many macroeconomics factors including but not limited to: the interest rates and monetary policies of central banks and the liquidity in the international banking system.

ThinkMarkets may adjust interest rates at any time based on the market conditions and its own positions in the market without notice to the client. Your account balance will be automatically credited or debited with overnight interest by the next business day or sooner.

The financing rates used are:

<b>Currency of the underlying instrument</b>	<b>Long Rate and Short Rate</b>
USD, EUR, GBP, JPY	LIBOR + 3%
AUD	AUD 1 MO DEPOSIT RATE + 3%

Rollover interest will be calculated using the second currency of a currency pair. For example, in the case of EUR/USD, the rollover interest rate would be calculated based on the USD rate. It would then be immediately converted back to the base currency of your account.

Rollover interest is on a T + 2 (working days) basis for all currency pairs except those that trade on a T + 1 basis. Typically, for currency pairs that trade on a T+2 basis, on each Wednesday, (in the absence of holidays affecting the rates) we will apply a fee equivalent to the rollover interest for the period Friday – Monday

For currency pairs that trade on a T + 1 basis, such as USD/CAD, USD/TRY and USD/RUB, each Thursday, (in the absence of holidays affecting the spot and spot next dates) we will apply a fee equivalent to the rollover interest for the period Friday – Monday.

Rollover interest for holidays is typically deducted two business days after the holiday.

### Time Zones

Rollover interest accrues if you hold your position from or later than 5 pm New York time. At 5pm New York time, any open positions will be subject to rollover interest, and the cost (and its impact on your account balance) will be displayed within one hour, on your online account.

#### Weekends & Holidays

As most International banks around the world do not operate during the weekend the general rule of banks is to apply a set rate of interest during Saturdays and Sundays and some public holidays. This means that the foreign exchange and bullion markets calculate interest over these periods. To balance this, you will be charged triple the swap rate on Wednesday, that is the Wednesday rate is taken and multiplied by three.

With a margin foreign exchange contract, if the currency you notionally bought is from a country that has a lower interest rate than the currency you sold, you would need to pay the difference, and your account would be deducted accordingly. The reverse also applies, so in some instances you may be paid interest.

#### **Example of Margin Foreign Exchange Rollover Interest**

If you choose to buy a margined foreign exchange contract for the AUD/USD currency pair, you are buying Australian dollars and selling US dollars. If the Australian dollar interest rate is 3.25% per annum and the US dollar interest rate is 0.25% per annum, you are buying a currency with higher interest rates, and so you will earn overnight interest at a rate of 3% (the difference between the two rates) divided by 365 if you hold your position overnight.

The opposite transaction has the opposite effect. So, if you sold Australian dollars and bought US dollars and held the position overnight, your account would be deducted by 3% of the contract size, divided by 365.

#### **CFDs**

For markets where rollover interest applies, if you hold an open position overnight, we will normally charge you rollover interest on long positions and we will pay you rollover interest on short positions. Rollover interest applies to the full value of your open position and will be applied to your account each day that you hold an open position (including weekend days).

There may be instances when rollover is charged to you on short positions, rather than paid to you. This may for instance, occur if LIBOR is at an exceptionally low rate.

Dividend payments, which are applicable to most cash indices, will be applied as debit (shorts)/credit (longs) with rollover interest on

	<p>your open positions. Adjustments will apply on the eve of the ex-dividend date of the constituent members of the relevant Index.</p> <p>For Markets with underlying Instruments of shares, indices or commodities, rollover interest is calculated as follows:</p> <p style="text-align: center;"><b>Short Positions <math>F = V \times I / b</math></b>  <b>Long Positions <math>F = V \times I / b</math></b>, where:  F = Daily Financing  Fee V = value of equivalent (quantity x end of day closing price)  I = applicable Financing Rate  b = day basis</p> <p style="color: red; background-color: #f0f0f0; padding: 5px;"><b>*Rates based on the official overnight cash rate. This rate is subject to daily market fluctuations depending on the CFD being traded.</b></p>
Conversion cost	<p>If you instruct us to place a trade where the base currency is in a foreign currency, you will need to convert your Australian dollars or other currencies into the required foreign currency through a bank and deposit the money into your ThinkMarkets trading account. The bank will charge you for this service.</p> <p>Alternatively, we may convert your funds by first quoting you a spot price pursuant to our Terms of Business. If you choose to accept our quoted prices, then the transaction will usually take place immediately, upon receipt of your cleared funds. The new currency will be delivered to your ThinkMarkets account. We will be remunerated by the difference between the rate at which we buy and sell to you the currency (also called the "Spread Cost" – see above).</p> <p>In addition, if we convert your funds, or if you deposit funds into your Account in a currency other than the base currency of your account requiring us to convert the funds deposited into the base currency of your account, we will instantly charge you a fee of 3% of the amount converted.</p>
Reimbursement	<p>ThinkMarkets may be reimbursed an amount of income from its hedging counterparties, which is based upon the volume of transactions executed with that counterparty. The higher the volume generally relates to a higher reimbursement.</p> <p>The reimbursement will be based on the total number of lots traded with the counter party. See example below</p> <p style="color: red; text-align: center;"><b><i>Total Number of Lots Traded * 10 AUD = Reimbursement</i></b></p> <p>5,000 Lots Traded * 10 AUD = \$50,000 AUD</p>
Inactivity Fee	<p>Where no activity has occurred on your account for a period of six (6) months or more, ThinkMarkets will deem your account to be inactive and we reserve the right to charge a monthly inactivity fee of AUD 30 (or equivalent in your base currency) to your account together with any additional applicable fees. Activity is defined as</p>

	giving an Instruction or maintaining an open position during the period.	
Interest on amounts owed to ThinkMarkets	ThinkMarkets will charge interest on any unpaid sums due to it. Interest will accrue from the due date until the date on which payment is received in full at a rate of [x%] per annum above the prime lending rate in Australia for the time being in force and will be payable on demand.	
Interest on client money	ThinkMarkets places client moneys into our Segregated Funds Account which is a client trust account. ThinkMarkets is entitled to earn any interest (which is calculated daily) on positive balances in the client trust account and does not pay it on to clients.	
Administrative charges	ThinkMarkets will charge a fee for the following administrative services when they are requested by you or people authorised to trade on your behalf:	
	Hard Copy duplicate statement (posted to you)	AUD \$25 per statement
	Audit certificates	AUD \$100 per copy
	Bank Wire Outgoing Transfer	\$25 AUD
	The above administrative charges will be deducted from your account shortly after the relevant event happens (e.g. if you request a particular document from us). These fees are subject to change.	

You may request more details about the way ThinkMarkets is remunerated within a reasonable time after receiving this document.

## 6. How are our people and third parties remunerated?

ThinkMarkets directors and employees are remunerated in a number of ways which may include annual salary and bonuses. The type and calculation of any bonuses will depend on a number of factors which may include but not be limited to:

- The position within the company;
- company performance;
- sales volume;
- professionalism and adherence to compliance procedures; and
- team performance.

Our representatives may also earn bonuses based on the number of eligible first-time deposits made by retail clients and the percentage of eligible net deposits made by retail clients under their management.

Where a representative is eligible to receive bonuses, they may earn up to \$30 for each eligible first-time deposit made by a retail client and 1.25% of eligible net deposits made by a retail client.





ThinkMarkets shareholders will also receive a benefit based on ThinkMarkets ongoing company performance

When you are referred by a representative or another third party to us we may pay a commission to the third party or representative in any of the following ways:

- a percentage of the commission paid by you to us (see "commission" above) when you trade contracts with us. The percentage may be up to 100% of the commission paid by you;
- up to 80% of the Spread Cost (see above) generated from your trading;
- any additional spread income generated from your transaction. This will be paid if the third party is an "introducing broker" and has requested that its clients be charged a premium to the standard TF Global spread, due to the added service they are providing to their clients. The amount of this additional spread will be either the difference between the spread at which you deal and the spread that ThinkMarkets offers, or a flat rate as notified to you by the introducing broker and ThinkMarkets (see "Commission" above).

The amount of commission paid to referrers is negotiated on an individual basis and is typically based on a sliding scale, which takes into account:

- The number of clients referred or introduced to ThinkMarkets; and
- The number of contracts traded by clients introduced or referred to ThinkMarkets.
- (after verifying that our calculations are correct):

Some third parties offer plugins to our platforms. See heading 14 titled "Significant Risks" in our PDS to understand the risks before allowing any third-party plugin. Some providers of these plugins will charge you fees for their services directly. Others will charge fees that we will take directly out of your account and remit to them.

For example, we have agreements with a third-party asset managers or signal providers, who charges 1% of your account's equity balance each month, with a minimum equity balance of AUD 10,000. That means that, if you subscribe to their services, you will be charged a minimum of \$1,200 over a 12-month period. If your equity balance increases above AUD 10,000, then the 1% fee will increase accordingly, pro-rata on a daily basis. This is in addition to the fees and commissions that we charge. If you subscribe to the asset managers or signal providers, we would deduct their fee from your account at the beginning of each month and remit the fee to that asset managers or signal providers. These fees would reduce any profit and magnify any loss on your account."

You may request more details about the way these people or entities are remunerated within a reasonable time after receiving this document.

## **7. What should you do if you have a complaint?**

In the event you have a complaint, you can contact your ThinkMarkets representative and discuss your complaint.

If your complaint is not satisfactorily resolved, please contact by telephone or in writing:

Compliance Officer

Level 18



# ThinkMarkets®

357 Collins Street,

Melbourne, VIC, Australia 3000

[compliance@thinkmarkets.com](mailto:compliance@thinkmarkets.com)

See the contact details at the top of this FSG.

At this stage we will resolve your complaint within a period of forty-five (45) calendar days from the day of the initial complaint. The Complaints Officer will provide a full written response to you.

If you are not satisfied with the outcome of your complaint you have the right to refer the matter to the Australian Financial Complaints Authority (AFCA) within two (2) years from the date of ThinkMarkets' final response. Contact details for AFCA are outlined below:

Mail:

Australian Financial Complaints Authority Limited  
GPO BOX 3  
Melbourne VIC 3001  
Australia

Telephone: 1800 931 678

Fax: (03) 9613 6399

Email: [info@afca.org.au](mailto:info@afca.org.au)

Web: [www.afca.org.au](http://www.afca.org.au)

## **Personal Information**

ThinkMarkets is committed to ensuring the confidentiality and security of the personal information of its clients and is also committed to complying with both the Privacy Act 1988 (Cth) and the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth). The ThinkMarkets Privacy Policy detailing our handling of personal information is available upon request. You may request access to information held about you by contacting ThinkMarkets on the contact details listed above.

If you do not provide some or all the information requested on our application form, we may not be able to accept your application to open an account or otherwise provide you with our services.

ThinkMarkets may use information received from its clients to send marketing material to its clients from time to time unless you elect not to receive it. ThinkMarkets will not provide your information to any third party other than in accordance with the ThinkMarkets Privacy Policy.

ThinkMarkets may record inbound and outbound telephone conversations to the TF Global office for compliance and training purposes.

Please retain this FSG for your reference and any future dealings with ThinkMarkets. We may also add documents later which will form part of this FSG and should be read together with it. They will include the word "FSG" in the heading.