

1 MARCH 2010



PRODUCT DISCLOSURE STATEMENT

BACERA CO PTY LTD | 2010

ACN 130 877 137 | ASFL 328794

BA-3071-030110

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1 INTRODUCTION

This Product Disclosure Statement (“PDS”) is dated 01 March 2010. The issuer of this PDS and contracts for difference (“CFD” or “CFDs”) referred to in this PDS is Bacera Co Pty Ltd. The PDS is a document that sets out the significant features of a financial product, including its risks, benefits and costs. The purpose of this PDS is to provide you with sufficient information to make an informed decision in relation to Bacera’s financial products and services. This document is Bacera’s PDS for CFDs products. This PDS is available on the Internet at www.bacera.com.au. To obtain a paper copy free of charge, please contact Bacera at info@bacera.com.au.

1.1 COMPANY DETAILS

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Website: www.bacera.com.au

1.2 WHO THIS PDS IS INTENDED FOR

This PDS seeks to explain our products in a clear, concise and effective manner. Given that CFDs are relatively new investment instruments to the trader, you can refer to our glossary located at the end of this PDS or at www.bacera.com.au to assist you with understanding the terms and concepts involved in derivatives trading. The terms ‘Bacera’, ‘we’, ‘us’ or ‘our’ in this PDS is in reference to Bacera Co Pty Ltd, ACN 130 187 137, AFS License No. 328794 - the issuer of the derivatives products. The terms “You” or “Client” contained within this PDS refer to you or any other user or prospective user of Bacera products and services.

Before trading in the products referred to in this PDS you should give consideration to your objectives, financial situation and needs. We recommend that you take all reasonable steps to fully understand the possible outcomes of trades and strategies, and consult independent legal and financial advice in relation to doing business with Bacera. You should also be aware of the risks involved and be satisfied that trading in our products is suitable for you in view of your financial circumstances.

As CFDs are high risk and highly leveraged investments, retail and wholesale investors should only trade in these products if they understand the nature and risks of the trading and can afford losses without adversely affecting their life style. The risk factors associated with trading CFDs are set out further in section 5.

1.3 JURISDICTION

This PDS is distributed by Bacera to Australian Clients and Foreign Clients located in China and Asia. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore prospective Clients should seek professional legal advice on local laws and regulatory restrictions regarding this type of investment.

If you are a Foreign Client dealing with Bacera, you should note:

- The law governing your dealings with Bacera is the law of New South Wales, Australia.
- Money which you deposit with Bacera will be regulated by the Australian Client Money Rules (refer to 6.8 for more information)
- Client's rights against Bacera are restricted by our Client Dispute Resolution policies.

1.4 INFORMATION AND REPRESENTATIONS

Products offered by Bacera are done so solely on the basis of the information and representations contained in this PDS. No other information or representation is authorized nor is any person authorized by Bacera to provide any information to any Client or to make any representations other than the information and/or representations contained in this PDS and the Financial Service Guide ("FSG").

1.5 REFERENCES

Any references made to an Underlying Entity or Underlying Market to which a Bacera product relates are included solely for the purposes of identification. Such references are not to be construed as an endorsement of the CFDs or the Underlying Entity or Underlying Market. All Underlying Entities and Markets do not accept responsibility for any statement in this PDS nor undertake any liability in respect of the CFDs provided by Bacera.

Bacera does not accept any liability or responsibility for the accuracy or completeness of published public information about any Underlying Entity, Underlying Reference Instrument, or Underlying Market.

1.6 INDEPENDENT ADVICE

Prospective Clients should seek qualified independent financial, legal, taxation and other professional advice concerning Bacera's PDS and FSG before conducting business with Bacera.

1.7 BACERA DOES NOT GIVE PERSONAL ADVICE

Bacera will not give you **personal financial product advice**. The PDS or FSG does not constitute a recommendation or opinion that Bacera products are right for you. Bacera will only be providing general advice, which does not take into account individuals financial goals or risk appetite.

1.8 DOCUMENTS ISSUED BY BACERA

Documents distributed by Bacera, including the PDS and FSG, contain general information only and do not take into account individual investment objectives, situations, or needs. Bacera recommends that you seek qualified independent advice regarding financial, legal, taxation and other issues that may arise regarding trading with Bacera.

Information contained in this PDS is subject to change from time to time and may be updated by Bacera. Any updated information which is materially adverse to Clients will be available from www.bacera.com.au. A paper copy of the updated information will be available upon request.

1.9 EXAMPLES

The examples utilized in this PDS are provided for educational purposes only. All examples displayed are based on margin requirements and fees disclosed in this PDS.

The examples use figures which attempt to demonstrate how Bacera CFD products work. The figures are not intended to reflect possible performance of particular CFD products. The examples contained within this PDS do not constitute general or personal financial product advice to any person reading this PDS.

2 FEATURES OF DEALING WITH BACERA

2.1 ISSUER

The CFD contracts mentioned in this PDS are issued by Bacera Co Pty Ltd.

Bacera offers CFD contracts based on the following underlying reference instruments:

- **Foreign Exchange CFDs**
- **Precious Metals CFDs**
- **Commodity CFDs**
- **Index Future CFDs**

2.2 WHAT IS A CFD?

A contract for difference, or CFD, is an agreement which allows Clients to make a profit or loss from fluctuations in the price of an underlying reference instrument, such as a commodity or index. CFD traders must remember that they do not own the underlying reference instrument or trade it on an exchange by owning a CFD contract.

By entering into a CFD with Bacera, the Client is either entitled to be paid or required to pay an amount of money based on the price fluctuations of the CFD. The amount of profit or loss made on a CFD trade will be the net of:

- The difference between the price of the CFD when the position is opened and the price of the CFD when the position is closed;
- Any adjustments made in respect of the CFD;
- Any Mark Up payable in respect of the CFD; and
- Any Rollover Charges and Rollover Benefits relating to the CFD

2.3 OVER THE COUNTER TRADING

Trading Bacera products is done “over-the-counter” (OTC), meaning that you do not trade in a Bacera CFD through an exchange or market. Instead, the transaction is conducted solely between the Client and Bacera, which is the CFD provider.

2.4 CHARGES

The common fees and charges when dealing in CFDs with Bacera may include any or all of the following:

- Rebates on executed trades paid to introducing brokers
- Margin adjustments

- Rollover Charges calculated at Bacera's Rollover Rates
- Overnight Financing Charges
- Exchange fees
- Administration charges

In addition, Bacera will apply a bid/ask spread in respect of its CFDs, which will also affect the profits or losses you make when dealing in CFDs.

2.5 OPENING AN ACCOUNT WITH BACERA

All Clients must complete an Account Application before trading with Bacera. Clients can open three (3) types of accounts with Bacera – Individual, Joint, or Corporate. Please review each application for additional information regarding documentation needed to open accounts. Before a Client completes an Account Application he/she should fully review and understand the PDS and FSG.

Clients will have to acknowledge on their Account Application that they have read and understood the PDS and FSG in full. Clients will also be required to sign a PDS and FSG Acknowledgment Form (available in their native language), which verifies they have read and understood the PDS and FSG.

2.6 BALANCES

Online Trading Account Base Currency

Clients who open an account with Bacera can choose either Australian Dollars or US Dollars as the base currency of their trading account. All profits and losses can be denominated in either AUD or US Dollars. Balances are converted to US or AUD dollars using Bacera's FX prices in the AUD/USD currency at the relevant time in order to calculate your Total Equity.

Minimum Online Trading Account Opening Balance

Typically there is a minimum opening deposit of AUD 1,000 for Australian Clients or USD 1,000 or its currency equivalent for foreign Clients. Another amount may be specified by Bacera.

2.7 DEALING WITH BACERA

Clients may open CFD positions in two ways:

1. By telephoning Bacera's Dealing Department at +61-2-8014-7558; or
2. Using Bacera's online trading platform on a personal computer with an internet connection.

Bacera will not accept Client orders or instructions through any other means, such as email or online messenger programs, unless Bacera has previously agreed to do so.

2.8 MINIMUM CONTRACT SIZE

Instruments offered, Contract Sizes, and Spreads are subject to change without notice at any time. Spreads will vary according to the market fluctuations and the demands in the market, the times of trades and volume of trades will also have an impact on the spread quoted.

Instrument	Contract Size	Spread Between Bid/Ask Price
<u>Forex</u>		
Standard Contract	100,000 Units of Base Currency (i.e. EUR/JPY is 100,000 EUR)	Varies
Mini Contract	10,000 Units of Base Currency	Varies
<u>Metals/Commodities</u>		
Gold	100 Ounces	.50
Silver	5000 Ounces	.03
Copper	25,000 Pounds	.10
US Crude Oil (New York)	1000 Barrels	.80
<u>Indices</u>		
US S&P 500 Index Futures	1 CFD = 1 Lot	1
US Wall Street 30 Index Futures	1 CFD = 1 Lot	4
UK 100 Index Futures	1 CFD = 1 Lot	2
Japan 225 Index [NIKKEI] Futures	1 CFD = 1 Lot	15
<i>More Index Futures products available on Bacera's Trading Platforms.</i>		

2.9 OPENING A LONG OR SHORT POSITION

A position is opened by either buying (longing) or selling (shorting) a CFD contract on the online trading platform or through the Dealing Department.

A trader buys or goes “long” on a CFD contract when they expect that the price of the underlying reference instrument will rise.

A trader sells or goes “short” on a CFD contract when they expect that the price of the underlying reference instrument will drop.

Bacera has the right to limit the size of your open positions, whether on a net or gross basis under any appropriate circumstances as determined by Bacera. Typically Bacera limits its clients to 20 net open positions at any given time. The limit on positions is meant to maintain liquidity and limit risk overexposure on Bacera’s part.

Bacera also has the right to refuse any request made by you to place an order to establish a position at any time at Bacera’s discretion without prior notice. (For more information regarding Bacera’s discretion, please refer to section 3.8 of this PDS.)

2.10 CLOSING A POSITION

To close an open CFD position, a Client would execute an equal and opposite transaction in the same CFD contract.

2.11 CLIENT FUNDS

Any money that you deposit with Bacera will be segregated from Bacera money and held in trust. This money does not constitute a loan to Bacera.

Bacera has the right to:

- Withdraw, deduct or apply any amounts payable by you to Bacera and/or any associate of Bacera from clients funds held in any segregated trust account or invested by Bacera, including, without limitation making a payment for, or in connection with, the margining, adjusting or settling of dealings in CFDs entered into by you or the payment of Rollover Charges, Mark Ups or interest to Bacera, with all such amounts belonging to Bacera; and/or
- Pay, withdraw, deduct or apply any amounts from client funds held in any segregated trust account or invested by Bacera as permitted by the Australian Client Money Rules. Please refer to Part 7.8 Division 2 and Regulation 7.8.01 of the 2001 Corporations Act.

Where any monies have been withdrawn from a segregated trust account as permitted by the Australian Client Money Rules, we are entitled to use such monies in our business from time to time, including for the payment of amounts to our counterparties. Your funds may be co-mingled into one or more segregated trust accounts with other Bacera client funds.

We are also obliged to pay any monies due to you in relation to dealings in CFDs into a segregated trust account. Those obligations to you under the CFDs are unsecured obligations, meaning that you are an unsecured creditor of Bacera.

2.12 EQUITY

Total Equity is the aggregate of the current cash balance in a Client account and the current unrealized profits and losses on open positions.

Free Equity is the Client's Total Equity less their current Total Margin Requirement. The Free Equity is the amount the Client may withdraw from their account or use to cover additional margin requirements.

2.13 ACCOUNT REPORTS

When a Client executes a trade on Bacera's online trading platform, they will receive a confirmation notice on the platform with details of the executed trade. Clients can generate reports through the platform and specify a time period (day, month, year, etc.) of their choosing.

All Client Reports include:

- Balance
- Rolling Equity
- Open Positions
- Closed Positions
- Deposits
- Withdrawals
- Rollover Charges/Credits
- Number of Lots Traded

It is very important that you check all the contents of your reports in detail and notify Bacera within 3 Business Days if you feel there are any errors and/or discrepancies on your reports. After 3 Business Days, any corrections and/or adjustments to any errors or discrepancies will be made solely at the discretion of Bacera. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

2.14 PRICES

The prices at which you trade CFD products with Bacera are determined by considering the prices of the Underlying Reference Instrument to which the Bacera product relates. There may be a difference between the price quoted by Bacera and the price of the Underlying Reference Instrument trading on an actual exchange or market.

Bacera does not provide access to the prices or market information for underlying instruments, markets or exchanges on our online trading platform or through our website. Clients may obtain real-time prices in the Underlying Reference Instruments from a third-party service.

Bacera at its discretion may quote different prices, and charge Rebates, Finance Charges, Rollover Charges, and other charges at different rates, to different clients. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

2.15 ROLLOVER CHARGES/CREDITS

CFD positions held after a specific time that is designated as the "end of the trading day" by Bacera may cause a Charge or Credit applied to the Client's account according to the total notional value of the positions and the relevant Rollover rate. If a CFD position is settled before the end of the trading day, no Rollover Charge or Credit will be paid or received.

Forex CFDs positions held after a specific time that is designated as the "end of the trading day" by Bacera may have a Charge or Credit applied to the Client's account according to the applicable rates in the interbank market. The interbank rate for Forex CFDs is the interest rate differential between the two applicable currencies.

2.16 MARGIN OBLIGATIONS

When you open a CFD position with Bacera you need to have sufficient Total Equity in your Bacera trading account to satisfy the Margin Requirements for the relevant number of CFDs. Please refer to section 3.4 of this PDS for more detailed information regarding your margin obligations to Bacera, as well as a list of the Margin Requirements for CFDs at the date of this PDS. Bacera may alter your Margin Requirements for various types of CFDs based on the discretions mentioned in section 3.8 of this PDS.

2.17 PAYMENTS AND WITHDRAWALS

Clients may deposit funds by credit card, personal or bank check, or telegraphic transfer. All funds must be cleared funds in your account before they can be made available for you to use in dealing in CFDs. Bacera will not accept funds from any third party.

Funds deposited via credit cards may not be withdrawn within 30 calendar days of deposit.

Clients may withdraw free equity from their Bacera Trading Account by submitting a completed and signed Withdrawal Request Form. A copy of the Withdrawal Request Form can be obtained on **Download Forms** section of the Bacera website, www.bacera.com.au. Withdrawal Request Forms can be submitted to Bacera via fax, email scan, or paper mail.

Bacera will not pay funds to any third party. Withdrawals will only be sent to a banking account via telegraphic transfer or bank check. Withdrawals will not be credited back to credit cards.

2.18 COSTS

Bacera is a CFD provider in transactions with our Clients, and we are remunerated for our services through the bid/ask spread that is incorporated in our prices.

When you enter into a contract with Bacera you will be required to pay initial margin and may be required to sustain a proper amount of maintenance margin in the event of adverse market movements against your position. Such payments are not costs but are cleared funds deposited by the Client and required by Bacera to cover our risk and as security for the Client's obligations.

The margin amounts are payable into the Bacera Client trust account and are held, used and withdrawn in accordance with the Corporations Act 2001 requirements and our agreed Terms and Conditions. All interest that may accrue on the Client trust account is kept by Bacera.

Clients may incur fees for wire and credit card transactions. Please consult your Bacera representative regarding these fees. These transaction fees are subject to change at any time. In addition, Bacera Clients are subject to a \$20 USD/\$30 AUD "inactivity fee" for accounts that have no trading activity for three (3) consecutive months.

2.19 CFD RISKS

Carefully consider whether dealing in CFDs is appropriate for you in the light of your financial circumstances. In deciding whether or not you wish to become involved in dealing in CFDs with Bacera, you should be aware CFDs are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investments such as share trading and you could lose large amounts of money. You may sustain losses in excess of the moneys you initially deposit and also in excess of the Margin required to establish and maintain a CFD position with Bacera. A negative balance may occur when a Price Gap occurs before a Cut Loss is executed, thus resulting in a negative account balance.

Clients will at NO time be given trade recommendations by Bacera. Neither Bacera nor any authorized representatives of Bacera will provide trading recommendations or financial product advice to clients. This is clearly stated in the client's account opening

documents signed and understood by the client. At no time should the client interpret any opinion given regarding the market as a recommendation to trade.

Make sure you have fully read and understand the PDS and FSG before considering opening an account with Bacera. It is advisable to seek independent financial, legal, taxation, and other professional advice if necessary.

2.20 TRADING HOURS/OFFICE HOURS

Trading hours for all CFDs will be 2300 GMT Sunday – 2300 GMT Friday (During Daylight Saving) or 2100 GMT (Regular hours), excluding holidays.

Our Client Services Department and the Dealing Department are available from 0000 GMT Monday to 0000 GMT Saturday, excluding holidays.

3 TRADING CFDS WITH BACERA

3.1 TYPES OF CFDS ISSUED BY BACERA

Bacera may offer Clients the following CFD products:

- **Foreign Exchange CFDs**
- **Precious Metals CFDs**
- **Commodity CFDs**
- **Index Futures CFDs**

CFDs allow Clients to benefit from normal market movements in the Underlying Reference Instrument in the Underlying Market. Realized profits or losses are credited or debited to Client accounts when positions are closed. Unrealized profit or losses are shown in real time on Bacera's online trading platform.

3.2 ROLLOVER CHARGES AND BENEFITS

Forex CFDs Rollovers

For Spot Forex transactions, adjustments to reflect the relative interest rates of the currencies concerned are calculated and posted to the client's account daily. Interest adjustments are calculated as follows:

$$A = V \times R$$

Where:

V = Number of contracts x Contract size

R = the current Tom-Next rate (the difference in pips between the interest rate paid to borrow the currency that is being notionally sold overnight, and that received from holding the currency being notionally bought).

A = the funding charge

If the Tom-Next rate is less than zero, you will be debited for opening a short position and credited for opening a long position.

If the Tom-Next rate is greater than zero, you will be credited for opening a short position and debited for opening a long position.

The funding charge is calculated for any position opened before 2100 GMT that is still open after 2100 GMT.

Note: For any position opened before 2100 GMT Wednesday that is still open after 2100 GMT Wednesday, the daily interest credit or debit will be made for three days as opposed to one. This three-day adjustment covers settlement of trades over the weekend period.

Precious Metals CFDs Rollovers

For Spot Metal transactions, rollovers are calculated and posted to the client's account daily. Interest adjustments are calculated as follows:

$$A = V \times R / 360$$

Where:

A = the amount of the daily interest credit or debit

V = the value of the position at the time of calculation. This is equal to:
Number of contracts x Contract size x Spot Metal price.

R = applicable annual interest rate.

For Spot Metal contracts a daily interest adjustment is calculated for any position that is opened before 2100 GMT and that is still open after 2100 GMT.

The applicable interest rate will be +/-0.3% above/below the Libor cash rate for Standard Contracts (0.8% for Mini Contracts) unless otherwise agreed in writing.

Commodity CFDs Rollovers

For Commodity CFD transactions, rollovers are calculated and posted to the client's account daily. Interest adjustments are calculated as follows:

$$A = V \times R / 360$$

Where:

A = the amount of the daily interest credit or debit

V = the value of the position at the time of calculation. This is equal to:
Number of contracts x Contract size x Commodity CFD price.

R = applicable annual interest rate.

For Commodity CFD contracts a daily interest adjustment is calculated for any position that is opened before 2100 GMT and that is still open after 2100 GMT.

The applicable interest rate will be +/-0.3% above/below the Libor cash rate for Standard Contracts (0.8% for Mini Contracts) unless otherwise agreed in writing.

Index Futures CFDs Rollovers

Index Futures CFDs are Undated Transactions that do not expire. For each day that a position is held adjustments are calculated to reflect the effect of interest. For all positions the adjustment will be calculated at 2100 GMT. These adjustments are posted daily to the client's account.

Interest adjustments are calculated as follows:

$$D = n \times L \times C \times I / 360$$

Where:

D = daily interest adjustment

n = number of lots

L = lot size

C = underlying index price at time of calculation

I = applicable annual interest rate

The applicable interest rate will be +/-2.5% above/below the indicator cash rate for that index unless otherwise agreed in writing.

Interest in respect of long positions is debited from a client's account and interest in respect of short positions is generally credited to a client's account.

3.3 INDEX FUTURES CFDS FINANCE CHARGE AND BENEFITS

Bacera Index Futures CFDs positions held overnight may have a Financing Charge or Financing Benefit applied according to the total notional value of the positions at the relevant Financing Rate. If you are long on an Index Futures CFD you may pay a Financing Charge, and if you are short on an Index Futures CFD you may receive a Financing Benefit from us at the relevant Financing Rate. If an Index Futures CFD position is not held overnight you will pay no Financing Charge nor receive a Financing benefit from Bacera.

3.4 PRICING

The CFD prices at which you trade CFDs with Bacera are determined taking into account the prices of the Underlying Reference Instrument to which CFDs relate. However, the bid/ask

prices quoted by Bacera for its CFDs may not be the same as those of the Underlying Reference Instrument in the Underlying Market.

Bacera does not provide you with access to prices in the Underlying Market or market information in relation to the Underlying Market on our online trading platform.

Accordingly, it is for you to access such information from other sources, and decide whether you wish to deal in the CFD with Bacera or directly in the Underlying Reference Instrument in the Underlying Market.

Bacera's prices for Precious Metals and Forex CFDs are based on the Interbank Rate prices of the constituent Underlying Reference Instrument, calculated by Bacera by applying the Bacera Spread to the Interbank Rate.

Bacera's prices for Commodity CFDs are based on the last traded price of the Underlying Reference Instrument, which is a futures contract, with the application of the Bacera Spread.

Bacera's prices for Index Futures CFDs are based on the price of the Underlying Reference Instrument, which is a futures contract based on the Equity Index, and the application of Bacera Spread.

3.5 INITIAL MARGIN AND MAINTENANCE MARGIN REQUIREMENTS

Entry into CFD contracts with Bacera will be subject to margin obligations. There are two components of margin that Clients are required to maintain – Initial Margin and Maintenance Margin. Initial margin refers to the initial funds required by Bacera to open an account and fulfill the Client's initial risk obligations when opening positions. Maintenance margin refers to the minimum amount of Total Equity that must be maintained in an account. Specific numeric margin obligations will be as follows -

In the case of all Forex CFDs, the initial margin immediately payable upon opening a position is \$1000 USD/AUD per lot;

In the case of all Commodity CFDs, the initial margin immediately payable upon opening a position is \$1000 USD/AUD per lot;

In the case of Spot Gold, the initial margin immediately payable upon opening a position is \$2000 USD/AUD per lot;

In the case of Spot Silver, the initial margin immediately payable upon opening a position is \$3000 USD/AUD per lot.

In the case of Spot High Grade Copper, the initial margin immediately payable upon opening a position is \$1000 USD/AUD per lot.

In the case of Index Futures CFDs, the initial margin immediately payable upon open a position is 1% of the total contract value.

Total Equity must be greater than or equal to required Maintenance Margin at all times, which is 20% of Initial Margin requirements for all open positions.

3.6 CUT LOSS

If open CFD positions move against you and your Total Equity balance falls below your Maintenance Margin Requirement, which is 20% of Initial Margin for all open positions, your trading account will experience a Cut Loss transaction.

When a Cut Loss occurs, Bacera's online trading platform automatically closes open positions in order to restore your Total Equity balance to the required Maintenance Margin. Clients will have all positions closed when client's Total Equity falls below the Maintenance Margin Requirement.

The best way a client can avoid a Cut Loss is to practice their due diligence in monitoring their account activity and the performance of their open CFD positions, and deposit funds before the possibility of a Cut Loss occurs. The client can review his account balance and open positions on his online trading platform or, if a personal computer is not available, he can access his account via telephone by contacting the Dealing Department at +61-2-8282-5738 by providing his account number with his telephone password.

Additional margin funds can be deposited into trading accounts via the funding instructions located under the Resources Tab on our website (www.bacera.com.au). Please note that only funds that have deposited and confirmed will be applied to account balances.

3.7 CHANGES IN MARGIN REQUIREMENT

Bacera may alter Margin Requirements of any CFD position at any time at its discretion. This will retroactively alter your existing Total Margin Requirement if you enter into a new position after the adjustment. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

Changes in Margin Requirements will be announced in the **Notices** section of Bacera's website and via e-mail in advance of the change. A supplementary PDS will also be published.

3.8 DISCRETIONS

Bacera may exercise a variety of discretions in respect of your trading in CFDs. In exercising such discretions, Bacera will have regard to its commercial objectives, which will include:

- Maintaining its reputation as a product issuer;
- Responding to competitive market forces;
- Managing all forms of risk including but not limited to operational risk and market risk; and Administration charges.
- Complying with its legal obligations as a holder of an Australian financial services license.

Bacera exercises its discretion in a wide range of circumstances (extreme market volatility, natural disasters, hardware/platform failure, etc) including where Bacera changes its fees/rates, calculates a Currency Index and accepting to deal in CFDs with you. Where we increase fees/rates, we will issue a new or supplementary PDS. New information for other non-material changes will be placed on our website at www.bacera.com.au. Bacera at its discretion may quote different prices, and charge Rebates, Finance Charges, Rollover Charges, and other charges at different rates, to different clients. Clients will be quoted competitive market rates at all times taking into account the number of trades the client executes, the volume of the trades, and the frequency of the trades. Again rates will at all times be competitive but discretion may allow for fees and charges to be reduced or waived. Directors authorize management in regards to the adjustment of prices, Rebates, Charges, etc. The use of management's discretion is reviewed on a regular basis.

3.9 PAYMENT OF REBATES

Bacera may collect and pay Rebate benefits to introducing brokers. Bacera may collect and pay such amounts to introducing brokers for the introduction or referral of clients to Bacera. Rebate agreements are made between introducing brokers and client with no input or liability on Bacera's part. Bacera simply collects the agreed upon Mark Up or Commission from the client and pays it to the introducing broker. Please refer to sections 4.1 and 4.2 for more information regarding sharing of Commission and Mark Ups.

3.10 MINIMUM POINT INCREMENT

The Minimum Point Increment can also be referred to as a "tick movement", "tick value", "tick size" or a "pip movement" and represents the minimum price change between two successive transaction prices. The Minimum Point Increment can represent either an upward or downward movement in price. It is important to note that the size and value of a Minimum Point Increment can differ between different instruments. The size and value of a Minimum Point Increment are listed in the Product List at our website.

4 FEES AND CHARGES

Fees and charges when dealing in CFDs may incorporate any or all of the following:

- Commissions on CFD trades executed;
- Mark Ups on CFD trades executed;
- Margin adjustments;
- Rollover Charges at Bacera's Rollover Rates;
- Financing Charges on Index Futures CFDs
- Exchange fees;
- Administration charges.

Fees and charges may change from time to time and in some cases will differ according to whether you are an Australian Client or a Foreign Client.

4.1 Commissions On CFD Trades Executed

What is Bacera's Commission structure for CFD trades executed?

Bacera may charge Commission on all transactions. Commissions can be paid to Introducing Brokers, Bacera, or both. The Commission charge on any given trade executed will be negotiated between the Introducing Broker and the client or Bacera and the client. In the instance where both the Introducing Broker and Bacera charge Commissions, the Commissions will be split between the Introducing Broker and Bacera, and not charged twice.

Clients referred by an Introducing Broker will be required to fill out a Commission agreement which will describe all additional Commissions paid to either Bacera or the Introducing Broker. Bacera will not charge any Commissions without full disclosure of Commissions charged and client's acknowledgement of Commissions.

How is the Commission charged?

The Commission will be debited from your Account as soon as possible after a CFD order is executed. All Commissions are charged in the currency in which the instrument is denominated. Commission charges are viewable in your account statement at any given time. Commissions owed to Introducing Brokers are paid on a monthly basis.

Can the Commission change?

You should note that Bacera may change its Commission structure from time to time in which case a new or supplementary PDS will be issued or made available.

What Commission is charged on CFDs?

Commission charges can differ from client to client based on the agreement reached between the client and the Introducing Broker or the client and Bacera. The maximum Commission that will be charged is \$100 USD per round-turn transaction. Commission Charges are the same for both Australian and Foreign Clients.

Note: Bacera may offer a client a different Commission rate to those outlined above at its discretion (for example, when a client trades a certain volume of CFDs). (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

4.2 MARK UPS ON CFD TRADES EXECUTED

What is Bacera's Mark Up structure for CFD trades executed?

When an Introducing Broker (IB) introduces a new client to Bacera, the IB and the client may enter into a Mark Up agreement. Mark Ups are added to the spread by Bacera when a new position is opened. The amount of the Mark Up is determined by the agreement signed between the client and the IB. Mark Ups are collected on all round-turn transactions. All Mark Ups collected by Bacera are paid to the respective introducing broker at the end of the trading month. Bacera has no influence on the drawing up of the terms of a Mark Up agreement.

How are Mark Ups charged?

A Mark Up simply adds typically 2-3 pips to the bid/ask spread of any given instrument. When the client executes a trade on a spread with 3 pip mark up, that 3 pips is charged immediately to the client and is paid to the IB at the end of the trading month. Bacera does not charge an administrative fee or take a percentage of the Mark Up fee in any way. Mark Up fees are the same for Australian and Foreign Clients.

What are the minimum and maximum Mark Ups that can be charged?

The minimum pip Mark Up is 1 pip and the Maximum pip Mark Up is 5 pips.

Can the Mark Ups change?

Mark Up agreements can change at any time. Clients also have the right to cancel any Mark Up agreement directly with Bacera without the consent of the IB. The client would submit a letter to Bacera requesting their Mark Up agreement with the IB be cancelled. The cancellation of the Mark Up would be effective immediately upon receipt and confirmation of the letter.

Example of a Mark Up Price
USD/JPY

Normal Bid/Ask Spread	Mark Up Spread on a Short	Mark Up Spread on a Long
100.00/100.04	99.97/100.04	100.00/100.07

If the client were to short one lot of USD/JPY with a 3 pip Mark Up, they would actually be selling USD at 99.97 instead of 100.00. If the client were to long one lot of USD/JPY with a 3 pip Mark Up, they would actually be buying selling JPY at 100.07 instead of 100.04. The value of the 3 pips on a round-turn transaction would be paid to the IB at the end of the month.

4.3 ROLLOVER CHARGE

You may pay a Rollover Charge, which is calculated according to the applicable rate in the Interbank markets (Libor Rate) according to the duration of the period of rollover and the Spread (Rollover Rate). These Rollover Rates are calculated on an ongoing basis by Bacera. You may contact the Dealing Department on +61-2-8282-5738 for the current applicable Rollover Rate for any Forex, Precious Metals, or Commodity CFDs or examples of Rollover Calculations for Forex, Precious Metals, or Commodity CFDs. Rollover Rates are also posted on our online trading platforms.

4.4 ADMINISTRATIVE CHARGES

All charges are inclusive of GST (where applicable).

Function	AU Client Fee	Foreign Client Fee
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Withdrawals

Telegraphic Transfer (Outgoing)	AUD 15.00	USD 25.00
Company Check	Free	Free

Deposits

USD Telegraphic Transfer (Incoming)	Free (Minimum Required)	Free (Minimum Required)
AUD Telegraphic Transfer (Incoming)	Free (Minimum Required)	Free (Minimum Required)
Credit Card Deposits	MC: 3% of Transaction VISA: 3% of Transaction AMEX: 4% of Transaction	MC: 3% of Transaction VISA: 3% of Transaction AMEX: 4% of Transaction
Check Deposits	Free	Free

Miscellaneous

Paper Statements by Post	45.00 AUD	30.00 USD
Return Check Fee	Varies	N/A
Inactivity Fee	AUD 30.00	USD 20.00

Administrative charges are subject to change at Bacera's Discretion. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

5 IMPORTANT RISKS INVOLVED IN TRADING CFD CONTRACTS

Carefully consider whether dealing in CFDs is appropriate for you in the light of your financial circumstances. In deciding whether or not you wish to become involved in dealing in CFDs with Bacera, you should be aware CFDs are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investments such as share trading and you could lose large amounts of money. You may sustain losses in excess of the moneys you initially deposit and also in excess of the Margin required to establish and maintain a CFD position with Bacera. A negative balance may occur when a Price Gap occurs before a Cut Loss is executed, thus resulting in a negative account balance.

Clients will at NO time be given trade recommendations by Bacera. Neither Bacera nor any authorized representatives of Bacera will provide trading recommendations or financial product advice to clients. This is clearly stated in the client's account opening documents signed and understood by the client. At no time should the client interpret any opinion given regarding the market as a recommendation to trade.

Make sure you have fully read and understand the PDS and FSG before considering opening an account with Bacera. It is advisable to seek independent financial, legal, taxation, and other professional advice if necessary.

5.1 TRADING OFF-EXCHANGE

CFD contracts traded with Bacera are done so off-exchange, meaning they are not traded on a licensed market, and are not protected by all the rules and laws that governs a traditional regulated exchange.

5.2 BACERA AS A MARKET MAKER

As Bacera issues the CFDs, you are exposed to the financial and business risks, including credit risk, associated with dealing with Bacera. That is, if Bacera were to become insolvent it may be unable to meet its obligations to you. In addition, if Bacera were to become insolvent, Clients would become unsecured creditors of Bacera.

Bacera acts as counter-party in all positions opened by Clients and, therefore, acts as The Buyer when a Client sells and The Seller when Client buys. As a result, Bacera's interest may conflict with the Client's interest. Unless otherwise specified in this PDS or other written documents, Bacera establishes the prices at which it offers to trade with the Client, which may differ from the actual trading price of the Underlying Reference Instrument on the market. The prices Bacera offers might not be the best prices available and Bacera may offer different prices to different Clients. If Bacera elects not to cover its own trading exposure,

then Clients should be aware that Bacera may generate more revenue if the market goes against the Client.

Clients will at NO time be given trade recommendations by Bacera. Neither Bacera nor any authorized representatives of Bacera will provide trading recommendations or financial product advice to clients. This is clearly stated in the client's account opening documents signed and understood by the client. At no time should the client interpret any opinion or information given regarding the market as a recommendation to trade.

Financial statements regarding Bacera Co Pty Ltd's business track record are available free of charge by contacting our offices toll-free at +61 1 800 646 871. Clients or potential clients should use this information in deciding whether opening an account with Bacera is right for them.

5.3 BACERA'S DISCRETIONS

As Bacera issues the CFDs, you are exposed to the financial and business risks, including credit risk, associated with dealing with Bacera. That is, if Bacera were to become insolvent it may be unable to meet its obligations to you.

In order to preserve its financial integrity, Bacera reserves the right to exercise several discretions in the event of certain circumstances. For more information regarding these discretions and circumstances, please refer to section 3.8 of this PDS, where more detailed information is available.

5.4 VOLATILE DERIVATIVE MARKETS

Derivative markets can be very volatile, and Clients should be aware that prices on CFDs instruments may fluctuate rapidly over wide ranges. Prices depend on a number of factors including interest rates, supply and demand, and government actions. Clients should keep in mind that during such volatile market conditions stop-loss orders may not be honored at the price requested by the Client. It is possible that the market may "skip" the stop loss order price due to a significant market event. (Refer to 9.6 for more information)

If trading in Underlying Markets is affected by a Force Majeure Event, Bacera may use its discretion to suspend the opening and closing of position, limit the size of positions, or refuse orders to establish new positions. These measures would be implemented to limit the risk of illiquidity or over exposure, and may result in a loss to the client. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

5.5 LEVERAGE

The amount of initial margin funding required is small relative to the value of the associated OTC CFD contract, thus transactions may result in a proportionally larger impact on Client

funds. Clients may sustain a total loss of initial margin deposited and any additional funds on deposit. Clients should only invest “risk capital”, and not funds they cannot afford to lose. Client should be educated on all risks associated with trading CFDs, and seek counsel from an independent financial advisor if necessary.

5.6 MARGIN REQUIREMENTS

Bacera may alter margin requirements in relation to any of its CFD products at any time at its discretion. This will retroactively alter your existing Total Margin Requirement if you enter into a new position after the adjustment. (For more information regarding Bacera’s discretion, please refer to section 3.8 of this PDS.)

Changes in Margin Requirements will be announced in the **Notices** section of Bacera’s website and via e-mail in advance of the change. A supplementary PDS will also be published.

5.7 INTEREST RATE FLUCTUATIONS

The interest rate that Clients receive or pay in relation to their balance can be affected by fluctuations in the interest rate specified by Bacera for the currency in which their account is denominated.

5.8 LOSS CAUSED BY THE SPREAD

Because of the difference between the buying and selling price of a CFD, the relevant CFD price must move favorably before you can break even. In other words, if the CFD price does not move at all and you close out your position, you will make a loss to the extent of the Spread between the Bid/Ask Price and of any charges and Mark Ups which have been charged.

Furthermore, the Spread between the Bid/Ask prices may be larger at the time you close out the position than it was at the time you opened it.

5.9 ELECTRONIC TRADING SYSTEM

Bacera’s Electronic Trading System may differ not only from trading in an open-outcry market but also from trading on other Electronic Trading Systems. When the Client opens positions on an Electronic Trading System, they will be exposed to risk associated with the system, including but not limited to the failure of hardware, software and Internet connectivity. The result of any system failure may be that the Client’s order is either not executed according to the Client’s instructions or not executed at all. Since Bacera does not control the configuration of Client’s computer or reliability of its Internet connection, the company cannot be responsible for communication failures, distortions or delays when trading online.

5.10 REGULATORY CHANGES

Change in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on Client dealings with Bacera, such as the ability to open an account with Bacera, trade activity/volume, the acceptance of certain client deposits, etc.

5.11 LIQUIDATION

Bacera has the right to close out CFD positions without your agreement, in a number of circumstances. Accordingly, you may not be able to anticipate or control the time at which a CFD position is closed out.

For instance, our trading system will automatically place a liquidation order for a client's open position(s) when their Total Equity balance falls below 20% of the Initial Margin required for all open positions. The client confirms when they sign the Client Agreement that they acknowledge and understand that Bacera has the right to close out client positions in this instance.

6 PARTNERING WITH BACERA

6.1 OPENING AN ACCOUNT WITH BACERA

Prospective clients can choose from three different account options:

- Individual Account
- Joint Account
- Corporate Account

Before choosing an account, prospective client must read this PDS in its entirety, as well as Bacera's FSG. These documents can be provided in paper form or are available at our website www.bacera.com.au.

The Account Application requires you to disclose personal information. You should refer to the Privacy Statement in Section 9 of this PDS which explains how Bacera collects, protects, and uses personal information.

6.2 MINIMUM INITIAL ACCOUNT OPENING DEPOSIT

There is usually a minimum Account opening deposit of \$1,000 AUD for Australian Clients and \$1,000 USD for Foreign Clients. This may be varied at Bacera's discretion from time to time to accommodate client requests. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

6.3 MINIMUM TOTAL EQUITY

The Maintenance Margin required to maintain a position is 20% of the Total Initial Margin invested for all open positions or \$100, whichever is greater.

6.4 PROFIT/LOSS CALCULATIONS

All examples are for reference only and do not constitute actual returns on trades. Please note that the quoted buy/sell prices in below CFD trade examples are using prices determined by Bacera and do not exactly coincide with the market prices of the Underlying Reference Instruments.

6.4.1 FOREIGN EXCHANGE CFD EXAMPLE

Profit and loss calculations in USD for Foreign Exchange CFD instruments are relatively simple.

- When the US Dollar, also known as USD, is the **quote currency**, or the second of the paired currencies (for example EUR/USD or GBP/USD), the formulas are:

Long Positions: Profit/Loss = (Liquidation Price – Opening Price) x Contract Size

Short Positions: Profit/Loss = (Opening Price – Liquidation Price) x Contract Size

- When USD is the **base currency**, or the first currency in a pair (for example USD/JPY or USD/CHF), the formulas are:

Long Positions: Profit/Loss = (Liquidation Price – Opening Price) x Contract Size / Liquidation Price

Short Positions: Profit/Loss = (Opening Price – Liquidation Price) x Contract Size / Liquidation Price

- When it is a **cross rate currency pair**, (for example GBP/JPY or EUR/AUD), the formulas are:

- a. When the **quote currency** of the **cross rate pair** is the quote currency against USD (for example GBP/JPY)

Long Positions: Profit/Loss = (Liquidation Price – Opening Price) x Contract Size / Conversion Rate against USD of the quote currency

Short Positions: Profit/Loss = (Opening Price – Liquidation Price) x Contract Size / Conversion Rate against USD of the quote currency

- b. When the **quote currency** of the **cross rate pair** is the base currency against USD (for example EUR/AUD)

Long Positions: Profit/Loss = (Liquidation Price – Opening Price) x Contract Size x Conversion Rate against USD of the quote currency

Short Positions: Profit/Loss = (Opening Price – Liquidation Price) x Contract Size x Conversion Rate against USD of the quote currency

As an example to illustrate this, let's use the following scenario. USD is the quote currency and we will also say that the CFD Provider offers 100:1 leverage. This means that you can trade 100,000 Euros for \$1,000.00. (Note: Standard Contract Size is 100,000 units of the Base currency; for mini lots, Standard Contract Size is 10,000 units.)

If you are looking at EUR/USD, trading at 1.2515/18, which correlates to a bid price of 1.2515 and an ask price of 1.2518, you predict that the Euro will rise in value against the US

dollar. Therefore, you execute a trade to buy Euros and simultaneously sell US Dollars.

You buy 100,000 Euros at 1.2518 USD. Remember that you have to take the asking price, which is the second number in the quote.

If your assumptions are correct and the price rises to 1.2532/35, you close your position by initiating a trade to sell Euros and buy US Dollars. For this trade, use the bid price, which is 1.2532.

Example: Since you bought at 1.2518 and sold at 1.2532, your profit was 14 pips, or 0.0014. To convert that into real money, we use the first formula above,

$$\mathbf{P/L = (Liquidation Price - Opening Price) \times Contract Size}$$

Which means:

$$\mathbf{P/L = (\$1.2532 - \$1.2518) \times 100,000 = \$0.0014 \times 100,000 = \$140.00.}$$

In other words, you made \$140.00 on that trade. If you trade \$100,000 in a currency pair with the US Dollar the quote currency, a pip will be worth \$10.00. 14 pips equal \$140.00.

Example: When the US Dollar is the base currency, let's say you buy 100,000 units of USD/JPY (Japanese Yen) at 117.22. The price goes down and you sell at 117.15. Therefore, you just lost 7 pips.

To calculate what your loss was, use the second formula:

$$\mathbf{P/L = (Liquidation Price - Opening Price) \times Contract Size / Liquidation Price}$$

Which means:

$$\mathbf{P/L = (\yen117.15 - \yen117.22) \times 100,000 / \yen117.15 = -\yen7,000 / 117.15 = -\$59.75.}$$

In this example you incur a loss of \$59.75 on that trade.

For a cross pair not involving USD (for example EUR/GBP or GBP/JPY), you would look at the price for the USD/quote currency pair at the time of the transaction, then divide the profit (in the quote currency) by the price of the USD/quote currency pair.

Example: You buy 100,000 units of EUR/JPY at 164.10, and you sell 100,000 units at 164.15, and the price of USD/JPY is 121.35.

$$\mathbf{P/L = (\yen164.15 - \yen164.10) \times 100,000 = \yen5,000}$$

Because you have the price for USD/JPY = 121.35, to get your profit in USD, you divide it by the quote currency's conversion rate:

Total P/L in USD = ¥5,000 / 121.35 = \$41.20

Now let's illustrate a trading example that requires 200:1 leverage or more. If you are looking at GBP/USD, trading at 2.0020/23, which correlates to a bid price of 2.0020 and an ask price of 2.0023, you predict that the British Pound will rise in value against the US dollar. Therefore, you execute a trade to buy British Pounds and simultaneously sell US Dollars.

You buy £100,000 at 2.0023. Remember that you have to take the asking price, which is the second number in the quote.

If your assumptions are correct and the price rises to 2.0032/35, you close your position by initiating a trade to sell British Pounds and buy US Dollars. For this trade, use the bid price, which is 2.0032.

Example: Since you bought at 2.0023 and sold at 2.0032, your profit was 9 pips, or 0.0009. To convert that into real money, we use the first formula above,

P/L = (Liquidation Price – Opening Price) x Contract Size

Which means:

P/L = (\$2.0032 – \$2.0023) x 100,000 = \$0.0009 x 100,000 = \$90.00.

In other words, you made \$90.00 on that trade.

Please remember that your Gross profit/loss will not include Mark Ups, Rollover Charges/Benefits, or other fees you may have to pay. Bacera's online trading platform will automatically deduct or pay any benefits or charges clients are owed at a pre-determined Settlement time. Please refer to the trading platform for more information.

Risk Warning:

Leverage is a double-edged sword. Utilizing leverage results in greater exposure to adverse market movements. Leverage can magnify your losses as well as your profits. If the price had moved in the opposite direction by \$.0009 you would realize a gross loss of \$90.00. Please also note that the CFD prices quoted by Bacera are typically not the same as the actual market price of the Underlying Reference Instrument.

6.4.2 COMMODITY CFD EXAMPLE

Opening position

Crude Oil is trading at the bid/ask price \$53.86/\$53.90. You want to buy 1 CFD (1,000 Barrels) of Crude Oil at the ask price of \$53.90 per Barrel (Initial Outlay is $1,000 \times \$53.90 = \$53,900.00$) with the belief that the price of Crude Oil will rise. Please note the difference between Bacera's CFD price and the price of the Underlying Reference Instrument in the open market.

Bacera		Traditional Broker	
Buy Price	\$53.90	Buy Price	\$51.00
Margin	\$1,000.00	Initial Outlay	\$51,000.00
Commission Charge	\$0	Commission Charge	\$25.00
Total Outlay	\$1,000.00	Total Outlay	\$51,025.00

The Traditional Broker requires an initial outlay that is 100% of the price of 1,000 Barrels of Crude Oil at \$51.00 (\$51,000.00). Because Bacera Clients trade with leverage, you will only need to outlay the margin requirement, \$1,000.00.

Bacera does not charge Commission on Crude Oil CFD trades. Bacera is remunerated through the difference between the bid/ask spread. You will pay \$0 Commission per trade in this instance with Bacera compared with \$25.00 per transaction with the Traditional Broker.

The total outlay of this transaction with Bacera is \$1,000, which is \$50,000 less than what a trader would have to pay with traditional Commodity trading for the same exposure in the market.

Closing position

The bid/ask price of Crude Oil rises to \$55.00/55.04. Having held the position overnight, you decide to close your position by entering an equal but opposite trade, by selling 1 CFD (1,000 Barrels) of Crude Oil at \$55.00.

Bacera		Traditional Broker	
Sell Price	\$55.00	Sell Price	\$52.10
Gross Profit/Loss	\$110.00	Gross Profit/Loss	\$110.00
Total Commission Charges	\$0	Total Commission Charges	\$50.00
Overnight Rollover*: 1 day	\$2.36	Overnight Rollover: 1 day	\$0
GST	\$0	GST	\$5.00
Net Profit/Loss	\$112.36	Net Profit/Loss	\$55.00

*Overnight Rollovers may vary due to market situations.

By closing your position you realize a gross profit of \$110.00. The net profit received from Bacera and the Traditional Broker is calculated by subtracting Commission charges and Goods and Services Tax (“GST”) from gross profit.

Your net profit received from Bacera is \$112.36 as opposed to \$55.00 by trading with a Traditional Broker, due to substantially higher Commission/fees on your trade. Additionally, with physical shares you will be subject to GST on Commissions.

Risk Warning:

Leverage is a double-edged sword. Utilizing leverage results in greater exposure to adverse market movements. Leverage can magnify your losses as well as your profits. If the price had moved in the opposite direction by \$1.10 you would realize a net loss of \$110.00

plus/minus rollovers and/or fees associated with trading with Bacera. Please also note that the CFD prices quoted by Bacera are typically not the same as the actual market price of the Underlying Reference Instrument.

6.4.3 PRECIOUS METALS CFD EXAMPLE

In the following example we are going to assume the trader is opening the position in a volatile market, where prices are fluctuating rapidly and at large increments. In the event of such a volatile market, Bacera may widen the spread on its Spot Gold price, as is reflected in the below example.

Opening position

Spot Gold is trading at the bid/ask price of \$895.50/\$900.50. You want to buy 1 CFD (100 Oz.) of Gold at the ask price of \$900.50 per Oz. (Initial Outlay is $100 \times 900.50 = 90,050.00$) with the belief that the price of Gold will rise.

Bacera		Traditional Broker	
Buy Price	\$900.50	Buy Price	\$890.50
Margin	\$2,000.00	Initial Outlay	\$89,050.00
Commission Charge	\$0	Commission Charge	\$25.00
Total Outlay	\$2,000.00	Total Outlay	\$89,075.00

The Traditional Broker requires an initial outlay that is 100% of the price of 100 Oz. of Gold at \$890.50 (\$89,050.00). Because Bacera Clients trade with leverage, you will only need to outlay the margin requirement, \$2,000.00.

Bacera does not charge Commission on Gold CFD trades. Bacera is remunerated through the difference between the bid/ask spread. You will pay \$0 Commission per trade in this instance with Bacera compared with \$25.00 per transaction with the Traditional Broker.

The total outlay of this transaction with Bacera is \$2,000.00, which is \$87,075.00 less than what a trader would have to pay with traditional Commodity trading for the same exposure in the market.

Closing position

The bid/ask price of Gold rises to \$910.50/915.50. Having held the position overnight, you decide to close your position by entering an equal but opposite trade, by selling 1 CFD (100 Oz.) of Gold at \$910.50.

Bacera		Traditional Broker	
Sell Price	\$910.50	Sell Price	\$900.50
Gross Profit/Loss	\$1,000.00	Gross Profit/Loss	\$1,000.00
Total Commission Charges	\$0	Total Commission Charges	\$50.00
Overnight Rollover*: 1 day	\$-4.40	Overnight Rollover: 1 day	\$0
GST	\$0	GST	\$5.00
Net Profit/Loss	\$995.60	Net Profit/Loss	\$945.00

*Overnight Rollovers may vary due to market situations.

By closing your position you realize a gross profit of \$1,000.00. The net profit received from Bacera and the Traditional Broker is calculated by subtracting Commission charges and Goods and Services Tax (“GST”) from gross profit.

Your net profit received from Bacera is \$995.60 as opposed to \$945.00 by trading with a Traditional Broker, due to substantially higher Commission/fees on your trade. Additionally, with physical shares you will be subject to GST on Commissions.

Risk Warning:

Leverage is a double-edged sword. Utilizing leverage results in greater exposure to adverse market movements. Leverage can magnify your losses as well as your profits. If the price had moved in the opposite direction by \$10.00 you would realize a net loss of \$1,000.00 plus/minus rollovers and/or fees associated with trading with Bacera. Please also note that the CFD prices quoted by Bacera are typically not the same as the actual market price of the Underlying Reference Instrument.

6.4.4 INDEX FUTURES CFD EXAMPLE

Example 1

In the following example you open a long position on the US S&P 500 Index. The bid/ask price is \$1094.50/1095.50. You want to buy 10 CFDs of the US S&P 500 Index at the ask price of \$1095.50 with the belief that the price of index will rise. Please note the difference between Bacera's CFD price and the price of the Underlying Reference Instrument in the open market.

Opening Position

Your Total Margin Requirement is the number of CFDs multiplied by the price of the Index Futures CFD, multiplied by the CFD margin percentage required. In this example, the US S&P 500 Index has 1% margin percentage requirement.

$10 \text{ (No. of CFDs purchased)} \times \$1095.50 \text{ (buy price of US S\&P 500)} \times 1\% \text{ (Margin Percentage Requirement)} = \$109.55 \text{ (Total Margin Requirement)}$

Closing Position

The bid/ask price of the US S&P 500 Index rises to \$1100/1101.00. Having held the position overnight, you decide to close your position by entering an equal but opposite trade, by selling 10 CFDs of US S&P 500 Index at \$1100.

$\$1100.00 \text{ (Closing Price)} - \$1095.50 \text{ (Opening Price)} \times 10 = \45.00

By closing your position you realize a gross profit of \$45. Please keep in mind that you may have to pay a Financing charge if you held the position overnight. Overnight Financing Charges are calculated by the number of CFDs multiplied by the price of the Index Future CFD, multiplied by the Relevant Financing Rate and divided by 365.

Example 2

In the following example we will discuss taking a Long Position on an Index Futures CFD where you lose money on the position.

You open a long position on the Wall Street Futures Index, which has a bid/ask price of \$10459/10463.00. You want to buy 10 CFDs of the Wall Street Futures Index at the ask price of \$10463.00 with the belief that the price of index will rise. Please note the difference between Bacera's CFD price and the price of the Underlying Reference Instrument in the open market.

Opening Position

Your Total Margin Requirement is the number of CFDs multiplied by the price of the Index Futures CFD, multiplied by the CFD margin percentage required. In this example, the Wall Street Futures Index has 1% margin percentage requirement.

$10 \text{ (No. of CFDs purchased)} \times \$10463.00 \text{ (buy price of the Wall Street Futures Index)} \times 1\% \text{ (Margin Percentage Requirement)} = \$1064.30 \text{ (Total Margin Requirement)}$

Closing Position

The bid/ask price of the Wall Street Futures Index drops to \$10438/10442.00. Having held the position overnight, you decide to close your position by entering an equal but opposite trade, by selling 10 CFDs of the Wall Street Futures Index at \$10438.00.

$\$10438.00 \text{ (Closing Price)} - \$10463.00 \text{ (Opening Price)} \times 10 = -\250.00

By closing your position you realize a gross loss of \$250.00. Please keep in mind that you may have to pay a Financing charge if you held the position overnight. Overnight Financing Charges are calculated by the number of CFDs multiplied by the price of the Index Future CFD, multiplied by the Relevant Financing Rate and divided by 365.

Risk Warning:

Leverage is a double-edged sword. Utilizing leverage results in greater exposure to adverse market movements. Leverage can magnify your losses as well as your profits. Please also note that the CFD prices quoted by Bacera are typically not the same as the actual market price of the Underlying Reference Instrument.

6.5 MANAGING YOUR ACCOUNT THROUGH THE TRADING PLATFORM

When using Bacera's online trading platform clients may view open positions, orders, pending orders and account balances in real-time. The Client uses the online trading platform to:

- Confirm all transactions entered into with Bacera; and
- Monitor margin obligations to Bacera.

6.6 ACCOUNT STATEMENTS

Delivery of Confirmations and Statements Electronically

At any time you execute a CFD transaction with Bacera, a confirmation of the executed trade will appear in the online trading platform. Daily and monthly statements will also be made available to you through the online trading platform following their respective trading periods. You may print these daily and monthly statements for your records. Bacera does not normally mail paper statements by post to clients; duplicate copies of statements can be sent to client by post for a fee.

Daily Statements

Following Bacera's nominated end of business day time, provided you have dealt or have an open position, we will produce electronically a daily statement which will be made available on the online trading platform.

Daily Statements include:

- Your executed CFD trades for that date;
- Your open CFD positions valued using the mid-closing rate or last price for that date;
- Profit and loss for that day per CFD in the currency of the Underlying Reference Instrument;
- Rollover Charges, Rebates and any other charges applied to your Account on that date;
- Rollover Benefits and any other benefits applied to your Account on that date;
- Your financial position per currency ledger on your Account; and
- A summary of your financial position in the currency your Account is denominated.

Monthly Statements

At the close of the last business day of each month, Bacera will produce an electronic version of your monthly statement which will be available on the online trading platform.

Monthly Statements include:

- Your executed CFD trades for that month;
- Your open CFD positions valued using the mid-closing rate or last price for that month;
- Profit and loss for that month per CFD in the currency of the Underlying Reference Instrument;
- Rollover Charges, Rebates and any other charges applied to your Account for that month;
- Rollover Benefits, and any other benefits applied to your Account for that month;
- Your financial position per currency ledger on your Account;
- A summary of your financial positions in USD.

Additional Information Regarding Statements

You may print these daily and monthly statements for your records. Bacera does not normally mail paper statements by post to clients; duplicate copies of statements can be sent to client by post for a fee.

Your report will provide you with information regarding your account balance, open/closed positions, withdrawals/deposits, interest, rebates, adjustments, trading profit/loss, floating profit/loss, equity, margin requirements, and usable margin.

It is very important that you check all the contents of your reports in detail and notify Bacera within 3 Business Days if you feel there are any errors and/or discrepancies on your reports. After 3 Business Days, any corrections and/or adjustments to any errors or discrepancies will be made solely at the discretion of Bacera. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

6.7 ACCOUNT DENOMINATIONS

Client Accounts are maintained in either AUD or USD, known as the Base Currency. Australian Clients will have their Base Currency defaulted to AUD if they do not nominate a different Base Currency.

All your profits, losses, Mark Ups, Rollover Charges and Benefits in relation to a CFD are denominated in the currency of the Account.

All cash balances and unrealized profits and losses shown in your Account will be converted into your Base Currency using the applicable Bacera prices for Forex CFDs in the relevant cross-currencies at the relevant time in order to calculate your Total Equity in the Base Currency of your Account.

6.8 HANDLING CLIENT FUNDS

Protections afforded by the Australian Client Money Rules

Under the Australian Client Money Rules, Bacera must hold your monies on trust. The Trust Accounts in which Client Funds are held are domiciled at HSBC Bank AU Limited, under the name and ownership of Bacera Co Pty Ltd. This money does not constitute a loan to Bacera. Should Bacera become insolvent Client Funds held in trust are excluded from the winding up of the company.

Furthermore, in the event that Bacera loses its Australian Financial Services License, becomes insolvent, merges with another licensee or ceases to carry on some or all of the activities authorized by the license, client money held by Bacera, and investment of client money, will be dealt with as follows:

- Money in the segregated trust accounts is held in trust for the persons entitled to it, and is payable in the order set out below in the third bullet point;
- If money in the segregated trust accounts is invested, the investment is likewise held in trust for each person entitled to money in the Account; and
- Money in the segregated trust accounts is to be paid in the following order:
 - Money that has been paid into the accounts in error;
 - Payment to each person who is entitled to be paid money from the accounts;
 - If the money in the accounts is not sufficient to be paid in accordance with the above paragraphs, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
 - If there is money remaining in the accounts after payments made in accordance with the above paragraphs, the remaining money is payable to Bacera.

Your funds may be co-mingled into one or more segregated trust accounts with other Bacera client funds. Although client funds are co-mingled in trust accounts, one client's funds are not used to off-set the gains or losses of another client. All clients' accounts are recorded separately in the company ledger.

6.9 CLIENT WITHDRAWALS

Clients may withdraw monies from their Account by sending Bacera a signed withdrawal request specifying personal details, account number, the amount of the withdrawal and the method of payment. If you do not wish to close your account, you will need to maintain the Minimum Total Equity balance that Bacera requires you to hold in your Account. The Minimum Total Equity balance is specified in section 6.3.

The Client Withdrawal Form is available for download online at our website www.bacera.com.au under the **Resources** tab.

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

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

Bacera will not pay funds to any third party Account. Funds requested for withdrawal will only be paid to a banking account in the same name as the account held with Bacera. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

7 BACERA PROTRADER ORDER TYPES

When you request to place one of the types of orders described in this section, Bacera has an absolute discretion whether or not to accept and execute any such request. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

7.1 MARKET ORDER

A Market order is a commitment to Bacera by the client to buy or sell a CFD contract at the current price. Execution of this order results in the opening of a trade position. CFDs are either bought at the ASK price and/or sold at BID price. Stop Loss and Take Profit orders (described below) can be attached to a market order. Execution mode of Market orders depends on CFD traded.

7.2 PENDING ORDER

A Pending order is a commitment by the client to Bacera to buy or sell a CFD contract at a pre-defined price in the future. This type of orders is used for opening of a trade position provided the future quotes reach the pre-defined level. There are four types of pending orders available in the terminal:

7.2.1 BUY LIMIT

A Buy Limit order is executed provided the future "ASK" price is equal to the pre-defined value. A Buy Limit order is only valid if the current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of the CFD price, having fallen to a certain level, will increase.

7.2.2 BUY STOP

A Buy Stop order is executed provided the future "ASK" price is equal to the pre-defined value. A Buy Stop order is only valid if the current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of the CFD price, having reached a certain level, will keep on increasing.

7.2.3 SELL LIMIT

A Sell Limit order is executed provided the future "BID" price is equal to the pre-defined value. A Sell Limit order is only valid if the current price level is lower than the value of the placed order. Orders of this type are usually placed in anticipation of the CFD price, having increased to a certain level, will fall.

7.2.4 SELL STOP

A Sell Stop order is executed provided the future "BID" price is equal to the pre-defined value. A Sell Stop order is only valid if the current price level is higher than the value of the placed order. Orders of this type are usually placed in anticipation of the CFD price, having reached a certain level, will keep on falling.

7.3 TAKE PROFIT

The Take Profit order is intended for taking profit on an order when the CFD price has reached a certain level. Execution of this order results in the closing of the position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. The Bacera Protrader checks the BID price of long positions for the meeting of this order provision, as it does with the ASK price for short positions.

7.4 STOP LOSS

This order is used for minimizing losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order. The client can place them only with a market or a pending order. The Bacera Protrader checks the BID price of long positions for the meeting of this order provision, as it does with the ASK price for short positions. To automate a Stop Loss order following the price, one can use the Trailing Stop order.

7.5 TRAILING STOP

A Stop Loss order is intended to reduce losses when the CFD price moves in an unprofitable direction. If the position becomes profitable, A Stop Loss order can be manually shifted to a break-even level. To automate this process, a Trailing Stop can be utilized. This tool is especially useful when a CFD price moves strongly in the same direction or if the client does not wish to monitor the market continuously.

A Trailing Stop is always attached to an open position. To set a Trailing Stop, right-click on the open position in the "Terminal" window and highlight "Trailing Stop". Then select the desirable value of distance between the Stop Loss level and the current price in the list opened. Only one Trailing Stop can be set for each open position.

After the Trailing Stop is set, at incoming of new quotes, the Terminal checks whether the open position is profitable. As soon as profit in points becomes equal to or higher than the specified level, a command to place the Stop Loss order will be given automatically. The order level is set at the specified distance from the current price. Further, if the price changes

in the more profitable direction, the Trailing Stop will make the Stop Loss level follow the price automatically, but if profitability of the position falls, the order will no longer be modified. Thus, the profit of the trade position is fixed automatically. After each automatic Stop Loss order modification, a record will be made in the terminal journal.

A Trailing Stop can be disabled by setting "None" in managing menu. Trailing Stops of all open positions and pending orders will be disabled if the "Delete All" command of the same menu has been executed.

8 DISPUTE RESOLUTION

8.1 INTERNAL PROCEDURES

Upon receipt of a complaint, Bacera will make every effort to resolve the issue in the most courteous and expeditious manner possible. If Bacera customer service representatives cannot resolve the Client's dispute after investigating the matter and discussing the issue with the Client, then the dispute must be referred in writing to a senior manager of Bacera Co Pty Ltd.

Steps to Submit a Complaint:

1. If a complaint is conveyed verbally to a Bacera Customer Service Representative ("CSR"), the CSR will try to resolve the problem with the Client.
2. If the Client is not satisfied with the CSR's resolution, the Client can submit their complaint in writing to Bacera Co Pty Ltd. Management.

After receiving the written complaint, Bacera Management will take the following action:

3. Within 10-14 business days of receiving the complaint, Management will send the Client written acknowledgement of receipt and an estimated time in which Bacera will formally respond to the complaint.
4. Management will investigate the issue and circumstances surrounding the complaint.

No later than 30 days following receipt of the complaint, Bacera Management will:

5. Notify the Client in writing of the decision reached by Management concerning the Client's complaint.
6. Provide the Client with written reasons for Management's decision.
7. Provide the Client with options, if any, available after the resolution of the dispute.
8. Advise the Client where they can go to further their complaint.

If the complaint is not resolved within 30 days following Bacera's receipt of the complaint, Management will inform the Client of the reasons for the delay.

Wales, Australia. To the maximum extent permitted by law, any dispute raised by you in connection with Bacera regarding our products or disclosures must be dealt with in Australia as described above.

The Client and Bacera agree to accept the determination of the FOS or the arbitrator as final and binding and submit to the non-exclusive jurisdiction of the Courts in New South Wales for the enforcement of any such determination.

9 TERMS AND CONDITIONS

9.1 USER AGREEMENT

The following describes the Terms and Conditions upon which Bacera Co Pty Ltd ACN 130 877 137 AFS License No. 328794 ("Bacera" or "the company") offers to the Client (hereinafter "user" or "Client") access to its website and the use of its products and services ("FX", "CFDs", "Derivatives").

This Agreement describes the terms, conditions and risks applicable to your use of our services available under the domain and sub-domains of www.bacera.com.au (the "website"). Before entering into an agreement with Bacera, Clients read and accept the terms and conditions discussed in this Agreement without change or addendum.

This Agreement is effective when new Clients sign the Account Application, thereby acknowledging they have read all materials deemed necessary by Bacera prior to opening an account, which includes but not limited to this PDS and the FSG.

If you do not agree to be bound by the terms and conditions of this Agreement, immediately discontinue use or access Bacera's products and services.

9.2 ELIGIBILITY

Bacera's products and services are only available to Clients who understand the nature and risks involved in CFD trading that are disclosed in this PDS. Before opening a Trading Account with Bacera, Clients should have sufficient experience in trading off-exchange CFD products so that they may fulfill their obligations set forth in this PDS and the FSG. Before a trading account is opened, clients must sign a statement declaring that they have fully read the PDS and FSG and understand the contents of these publications fully. This statement is a part of the Account Application.

The entry into any contract or transaction by Bacera does not mean and should not be taken to mean that Bacera recommends or concurs with the merits of the contract or transaction or that the contract or transaction is suitable for you. Without limiting the foregoing, Bacera reserves the right to refuse and/or cancel services to anyone at its own discretion. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

Clients should also have a good understanding of the general knowledge involved in trading off-exchange derivatives on an online trading platform. Bacera urges Clients to consult independent legal and financial counsel before opening a Trading Account with Bacera. Clients must be 18 years of age or otherwise considered an adult in their jurisdiction or country of residence before they can open a Trading Account with Bacera or utilize the information contained on our website.

9.3 CLIENT MONIES

Bacera reserves the right to withdraw, deduct, or apply any amounts payable to you by Bacera and/or any associate of Bacera from your funds held in a segregated trust account including, without limitation, making a payment for, or in connection with, the margining, adjusting, or settling of dealing in CFD contracts entered into by you or the payment of Rollover Charges, Mark Ups, or interest to Bacera or an introducing broker.

Client money may be co-mingled with other Bacera Client's funds in segregated accounts. Bacera is obliged to pay any monies due to the Client in relation to dealings in CFD contracts into a segregated account.

9.4 TAXATION

The Client acknowledges and agrees that Bacera does not collect tax for any government entity in any form or manner unless required by law, in which event Bacera is authorized to deduct from the appropriate tax from the Client's account to fulfill any tax obligations as required by the appropriate government entity or other authority.

Without limiting the foregoing, it is the obligation of the Client, and not Bacera, to calculate and pay all taxes applicable to the Client in their respective jurisdiction or country of residence as a result of the Client's trading activity conducted with the company. Bacera recommends that Clients consult their tax adviser when determining if derivative trading is suitable for their investment portfolio.

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in financial contracts for difference. A copy of Taxation Ruling 2005/15 is available on the Australian Taxation Office website at www.ato.gov.au. Clients should note that this ruling is a public ruling for the purposes of Part IVAAA of the Taxation Administration Act 1953 and therefore, if the ruling applies to a Client, the Commissioner of Taxation is bound to assess that Client on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the Client has a tax shortfall.

9.5 RISK WARNING

Carefully consider whether dealing in CFDs is appropriate for you in the light of your financial circumstances. In deciding whether or not you wish to become involved in dealing in CFDs with Bacera, you should be aware CFDs are speculative products that are highly leveraged and carry significantly greater risk than non-g geared investments such as share trading and you could lose large amounts of money. You may sustain losses in excess of the moneys you initially deposit and also in excess of the Margin required to establish and maintain a CFD position with Bacera. A negative balance

may occur when a Price Gap occurs before a Cut Loss is executed, thus resulting in a negative account balance.

Clients will at NO time be given trade recommendations by Bacera. Neither Bacera nor any authorized representatives of Bacera will provide trading recommendations or financial product advice to clients. This is clearly stated in the client's account opening documents signed and understood by the client. At no time should the client interpret any opinion given regarding the market as a recommendation to trade.

Make sure you have fully read and understand the PDS and FSG before considering opening an account with Bacera. It is advisable to seek independent financial, legal, taxation, and other professional advice if necessary.

9.6 MARGIN REQUIREMENT/FORCE MAJEURE

Bacera may adjust the Margin Requirements of any CFD instruments at any time to reflect price fluctuations and ensure proper leverage is maintained on any given position. The Client should be prepared for any such change in Margin Requirement and have cleared funds on deposit to meet any increase in Margin Requirement.

Bacera will inform the Client as soon as possible if it determines that a Force Majeure event exists. Bacera will not be liable to the Client for any failure, impediment, or delay in performing its obligations set forth in this PDS.

Bacera may in its reasonable opinion determine that an emergency or exceptional market condition exists (a "Force Majeure Event"), including but not limited to:

- Where Bacera is, in its opinion, unable to maintain an orderly market in its Contracts in respect of any one or more of the Underlying Reference Instruments as a result of the occurrence of any act, omission or event (including but not limited to any circumstance beyond Bacera's control such as strike, riot, civil unrest or failure of power supply, communications or other infrastructure);
- The suspension, closure, liquidation or abandonment of any relevant market or Underlying Reference Instruments;
- the imposition of limits or special or unusual terms in the relevant markets or Underlying Reference Instruments;
- The excessive movement, volatility or loss of liquidity in the relevant markets or Underlying Reference Instruments.

If Bacera determines that a Force Majeure Event exists then it may (without prejudice to any other rights under this Agreement and at its sole discretion) take any one or more of the following steps:

- Suspend the placing of new orders by clients on the online trading platform and through the Dealing Department;

- Suspend the execution of orders that have been taken by Bacera but not executed;
- May change trading hours, change Margin Requirements, alter prices written against Underlying Instruments, close any or all open contracts, or take any other action that Bacera deems appropriate according to the prevailing circumstances.

(For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

9.7 COMPANY RIGHTS

Bacera reserves the right to suspend operations, including its website or any part or sections of it. In such an event, Bacera may, at its sole discretion (with or without notice), close out the customers' open financial contracts at prices it considers fair and reasonable at such a time and no claims may be entertained against the company in connection thereto.

Bacera may impose volume limits on Bacera Trading Accounts, at its sole discretion.

Contract payouts shall be determined by Bacera by reference to the daily values reported on its web site relevant to the interbank trading data received by the company for CFD quotes, subject that Bacera shall have the right to make corrections to such data in the event of misquoted or typographically incorrect data.

(For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

9.8 CONFLICTS OF INTEREST

Bacera is a market maker, not a broker. Clients will be trading CFD instruments directly with Bacera, and not on any other physical exchange or market. As the market maker, Bacera sets prices that refer to, but do not exactly correlate with, the prices in Underlying Reference Instruments and Markets. Bacera will act as a principal, and not as an agent, in respect to CFD contracts open by Clients.

9.9 INDEMNITY

The Client will indemnify Bacera against all losses, taxes, expenses, costs, and liabilities which may be incurred by Bacera as a result of the Client's breach of terms and conditions set forth in this PDS. Bacera will not be liable for any loss, expense, cost or liability incurred by the Client as a result of the products and services offered by Bacera unless such loss is suffered as a result of Bacera's gross negligence or default.

9.10 WEBSITE USE & ACCESS

The Client shall be responsible for providing means by which to access the website, which may include without limitation a personal computer, modem and Internet Service Provider. The Client shall be responsible for all access and service fees necessary to connect to the website and assume all charges incurred in accessing such systems. The Client shall be

responsible all risks associated with the use and storage of information on a personal computer or on any other computer through which the Client will gain access to the website and the services.

The Client shall be responsible for safeguarding all password and account information that is provided by Bacera. The Client shall be responsible for security and control of access to their computer, computer viruses or other similar harmful or inappropriate materials, devices, information or data. The Client is responsible for not exposing Bacera's computer systems or Internet Service Providers to any computer virus or malicious software.

Bacera will not be liable in any way to the Client in the event of failure of or damage or destruction to your computer system, data or records or any part thereof, or for delays, losses, errors or omissions resulting from the failure or mismanagement of any telecommunications or computer equipment or software.

9.11 LEGAL RESTRICTIONS

The Client acknowledges that laws regarding financial contracts vary by country or jurisdiction, and it is the obligation of the Client alone to ensure that they fully comply with any local law, regulation or directive, relevant to your country of residency with regards to doing business with Bacera.

The Bacera website does not constitute, and may not be used for the purposes of an offer or solicitation. The website has been created to comply with the rules and regulations of the Australian Securities and Investment Commission. The trading of off-exchange, over-the-counter financial contracts may be restricted in certain jurisdictions.

You may not assign any of your rights or delegate any of your obligations under this Agreement to any person without the prior written consent of Bacera.

9.12 ANTI-MONEY LAUNDERING POLICY

The Client hereby declares that the funds invested in their Bacera Co Pty Ltd Trading Account did not originate from trafficking drugs, abduction, or any other criminal activity, and that investment or dealing in those funds does not break the law in your country of residence.

The Client acknowledges that Bacera may require further information from time to time to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act). By entering into this Agreement, opening an account and transacting with us, you undertake to provide us with all additional information and assistance that we may reasonably require to comply with the AML/CTF Act.

9.13 PRIVACY POLICY

Personal Information

When a Client asks for information about Bacera's products and services, accesses the Bacera website, or submits an application to open an account with Bacera, they may be providing Bacera with personal information.

Bacera will maintain records of all transactions and activities on accounts with Bacera, including details of contracts traded and Cut Losses made. During the course of a relationship with Bacera, information about products and services provided utilized by the Client will be kept on record.

When assessing a Client application, Bacera may also collect information about the prospective Client from publicly available sources.

Client personal information will be treated strictly in accordance with the National Privacy Principles in the Australian Privacy Act. An Australian resident customer may at any time, upon request, gain access to the information that the Bacera holds about him or her in accordance with the National Privacy Principles as described below.

Use of Personal Information

The information requested in the Account Application to open an account is required by Bacera to determine whether a prospective Client has enough knowledge and experience to trade in off-exchange, over-the-counter derivatives with Bacera. That information, together with the information collected and maintained by Bacera for duration of an account, is required to keep Clients updated in relation to their account status, margin obligations, and trading activities.

The information requested by Bacera when accessing our website or completing one of our Account Applications is to allow us to provide our Clients with information regarding the products and services offered by Bacera that best suit their investment needs and risk appetite. Bacera takes all reasonable steps to protect Client's personal information from misuse, loss, unauthorized access, modification or disclosure.

Telephone Conversations

Bacera may also record telephone conversations between the Client and Bacera's authorized representatives. Such recordings, or transcripts from such recordings, may be used to resolve any Client dispute. Recordings or transcripts made by Bacera of Client telephone conversations may be erased at Bacera's discretion. (For more information regarding Bacera's discretion, please refer to section 3.8 of this PDS.)

Website

Bacera collects statistical information about visitors to our websites such as the number of visitors, pages viewed, types of transactions conducted, time online and documents downloaded. This information is used to evaluate and improve the performance of our websites. Other than statistical information, we do not collect any personal information through our website unless provided to us.

Updating Personal Information

Bacera asks that Clients promptly notify the company of any changes to the personal information on file. This allows Bacera to keep Clients informed regarding their accounts, margin obligations, and trading activities. You may ask us at any time to correct personal information held by Bacera that is outdated or inaccurate. Should we disagree with you as to the accuracy of the information, you may request that we attach a statement to that information noting that you consider it inaccurate or incomplete.

Client Consent

By accessing Bacera's website the Client consents to the collecting, maintaining, using and disclosing personal information provided.

10 Glossary

Account Application	Contains documents for gathering client information and also contains disclosure documents such as the PDS and FSG. When prospective clients are interested in opening an account with Bacera they are presented with the entire Account Application package. Bacera has Account Applications for Individual, Joint, and Corporate Account types.
Bearish	Bear market, expecting prices to fall
Bid	The price that the market will buy shares. A trader can sell at the bid price using CFD contracts to either go short or take a profit or loss on a long trade.
Bid-Ask Spread	The difference between the bid price and the ask price.
Bullish	Bull market, expecting prices to rise
Charge	Can refer to a Rollover or other Fee that is deducted from the client's account based on positions held (either long or short) on instruments "overnight".
Charting	A visual method of trading or analysis of the markets using price information to form a picture of previous price movements. Also called <i>technical analysis</i> .
Closed Position	A long or short position that has been liquidated whether at a profit or loss.
Commissions	The cost that a broker will charge a Client for buying/selling a financial product. Commission on derivatives range from broker to broker. Some charge a flat rate per trade while others charge a percentage of the deal size, say 0.20%. Other CFD brokers offer ' <i>Commission free dealing</i> '. They do this by offering their own CFD prices to Clients; these are often different from the prices quoted on the cash market.
Contract Size	The size or amount of CFDs opened in a position. Contract Sizes vary

by instrument. Please refer to section 2.8 for more details.

Cover	To sell a long position or buy back a short position.
Credit	Can refer to a Rollover/Rebate/Other Fee that is paid to the client's account based on positions held (either long or short) on instruments "overnight".
Derivative	A CFD contract that derives its value from an underlying reference instrument. For example, the price of a Barclays CFD is derived from the price of Barclays's shares.
Equity	Funds that are not committed to margin obligations that a client may use to open new positions.
Fill or Filled	A completed order.
Flat	Having no position (short or long)
Force Majeure	This clause is included in contracts to remove liability for natural and unavoidable catastrophes that interrupt the expected course of events and restrict participants from fulfilling obligations.
Foreign Client	Any client or prospective client whose permanent physical address is outside Australia.
Gearing	If a trader buys \$1000 of Barclays stock in the cash market and it rises by 10%, his profit will be \$100. But if he buys the same position using a CFD he may only have to put up a deposit of \$100. If the stock moves 10% higher his profit on capital invested will be \$100 or 100%, this is gearing at work.
GTC	An order to buy or sell a spread bet that remains operative until the order is executed or cancelled.
Hedging	Minimizing risk by being simultaneously long and short. Perhaps someone is long \$50,000 of stock in the cash market and wants to protect this from potential downside risk. To hedge he would sell \$50,000 of CFDs. If the share price did go lower the loss on the stock

position would be offset by profits made via the short position.

Illiquid	A market that doesn't have much volume, usually characterized by a wide bid-ask spreads. Illiquid markets are normally expensive to trade in.
Initial Margin	The amount of cash deposit that is needed to trade a given amount of a CFD position. Initial margin on CFDs is usually 10%-20% of the nominal amount of the position. So on a contract size of \$10,000 initial margin would be \$1,000-\$2,000.
Introducing Broker	An individual or entity who introduces clients to Bacera. In return IBs generally earn a rebate or commission based the amount of clients introduced to the firm who have opened an account and the trading volume of introduced clients. IBs for Bacera may not trade on behalf of the clients. IBs located within Australia will have an Australian Financial Services License; Foreign IBs must be regulated by their respective jurisdictions.
Leverage	Leverage involves borrowing a certain amount of the money needed to invest in something. In the case of CFDs, that money is usually borrowed from a broker. Forex trading does offer high leverage in the sense that for an initial margin requirement, a trader can build up - and control - a huge amount of money.
Limit Order	<p>An order to buy or to sell a position at a specific price.</p> <p>Example: "Buy 1000 Vodafone at \$1.20". This would be placed when Vodafone is trading above \$1.20. The potential buyer is hoping for a better price than where the market is currently trading.</p> <p>There is obviously the possibility the order will never get filled. Limit orders can also be used in the same fashion for selling above the market.</p>
Liquidity or Liquid	The amount of business conducted in a given market or stock. Where possible you always want to trade products that have good liquidity chiefly because they are cheaper to trade because of tight bid-ask spreads.

Long Position	Having bought, but not yet sold. A long position is entered with the aim of profiting from an increase in price. See also a Short Position
Long trade	A position that will make money in a rising market. Buying \$5,000 worth of Microsoft is an example of a long trade.
Maintenance Margin	The minimum amount of equity that must be maintained in a trading account. In the context of Bacera's trading accounts, clients must maintain 20% of Initial Margin in their trading account to avoid a "Cut Loss".
Margin	The amount of money needed to deposit with your CFD broker in order to fund a position. With margined products only a percentage of the nominal value has to be lodged in cash, normally between 5 - 20%. So buy \$10,000 worth of Tesco's using a CFD and around \$500-\$1,000 needs to be deposited with your broker.
Cut Loss	A broker's demand on an investor using margin to deposit additional money or securities so that the margin account is brought up to the minimum maintenance margin. You would receive a Cut Loss from a broker if one or more of your positions you had decreased in value past a certain point. Due to the volatile nature of CFD markets, it is inefficient to notify Clients via a traditional "Margin Call" when their equity falls below acceptable maintenance margin levels.
Market Order	An order to buy or sell at the current bid or ask price.
Mark to Market	Because derivative products are margined, that being only part of the nominal value has to be deposited to control the asset it is very easy for Clients to be wiped out if the market moves against them. Mark to Market means that all profits and losses are credited/debited from Client accounts at the close of business every day.
Mark Up	The adjustment of a bid/ask spread to reflect fees that the client may be obligated to pay if they were introduced by an introducing broker to Bacera and promised a fee to the introducing broker.
MOC order	'Market-on-close'. An order to cover a CFD trade (long or short) at the close of business.

Noise	Normal everyday market movement, up and down without really going anywhere. The ebb and flow of everyday movement.
Offer or Ask	The price at which shares can be guaranteed bought. The trader also has the opportunity to bid for the shares as well but there is no guarantee that anyone will sell them to him.
Open Position	A long or short CFD position that has not been closed out
Opening Range	Markets, especially busy ones never really open at one price, rather they are given an opening range (usually the first 2 minutes) where opening orders are filled
Overbought	A term used to describe a market or a stock that has appreciated so rapidly and has generated such excessively bullish sentiment that a near-term decline is highly likely
Oversold	A term used to describe a market or a stock that has declined so rapidly and has generated such excessively bearish sentiment that a near-term rally is highly likely.
Pips	<p>The smallest price change that a given exchange rate can make. Since most major currency pairs are priced to four decimal places, the smallest change is that of the last decimal point - for most pairs this is the equivalent of 1/100th of one percent, or one basis point.</p> <p>For example, the smallest move the USD/CAD currency pair can make is \$0.0001, or one basis point. The smallest move in a currency does not always need to be equal to one basis point, but this is generally the case with most currency pairs</p>
Price Gap	A significant price movement of a security or commodity between two trading sessions, such that there is no overlap in the trading ranges for the two days.
Rebate	Compensation paid to an Introducing Broker who introduces new clients to Bacera. Compensation is based on number of clients introduced and/or trading volume of introduced clients. Compensation

is negotiated between IBs and Bacera and may differ.

Resistance The price at which a prior advance was terminated or a future advance is likely to terminate, or where the market expects selling to materialize.

For example, if the FTSE 100 is trading at 5,500 you may hear pundits report that 'resistance is expected at 5,682'.

Rollover Benefit If a client holds a position past Bacera's Settlement time on Forex CFD, they may receive a Rollover Benefit. The Rollover Rate for Forex/Precious Metals/Commodity CFDs is a varying rate dependent on the currency pair, the applicable rate in the interbank markets according to the duration of the rollover period, the size of the position and the Spread.

Rollover Charge If a client holds a position past Bacera's Settlement time on Forex CFD, they may have to pay a Rollover Charge. The Rollover Rate for Forex/Precious Metals/Commodity CFDs is a varying rate dependent on the currency pair, the applicable rate in the interbank markets according to the duration of the rollover period, the size of the position and the Spread.

Short Position Having sold short, but not yet covered. A short position is entered with the aim of profiting from a price decline.

Slippage Relates to stop losses and is the difference between where the stop loss level is and where the order was actually filled. If the stop loss order is to sell 1000 Vodafone at \$1.20 but the fill is actually at \$1.19 then the 1p difference is referred to as negative slippage.

Slippage is normally not a problem in normal markets but in very volatile ones it can be expected.

Spot Another word for the cash price

Spread The difference between the bid and the ask price of a contract.

Spread Mark-up	The difference between an investment's lowest current offering price among dealers and the higher price a dealer charges a customer. Markups occur when dealers act as principals (buying and selling derivatives from their own accounts, at their own risk), as opposed to brokers (receiving a fee for facilitating a transaction).
Stop Loss	A predetermined price at which a position will be closed to protect against further loss. The use of stop losses is the only inherently reliable way for a trader to manage risk.
Support	The price at which a prior decline was terminated or a future decline is likely to attract buying. If the FTSE 100 is currently trading at 5,300, market participants may well be reporting that they expect support 'to come in at 5,270'.
Technical analysis	A form of charting but normally more complex. It can involve very sophisticated and powerful computer programs.
Total Equity	Equal to any cash value plus the market liquidation value of the securities in the account.
Total Initial Margin Requirement/Total Margin Requirement	Total amount of Initial Margin invested for all open positions. For example, if the client held two standard lots of EUR/USD and one standard lot of Gold, then his Total Initial Margin would be \$4000 USD (2 X \$1000 for Forex CFD, 1 X \$2000 for Gold CFD).
Trading Range	A market where prices are range bound by a higher and lower price band. Normally markets will range trade when there is little or no news to stimulate movement.
Underlying Reference Instrument	A security, such as a stock, a commodity, or other type of financial product, such as a stock index, whose value determines the value of a derivative investment or product.
Volatility	The degree of movement in the price of a stock or other security.