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FINANCIAL SERVICE GUIDE

BACERA CO PTY LTD | 2010

ACN 130 877 137 | ASFL 328794

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This guide contains important information about:

- Who Bacera is –
- What Bacera does for its Clients –
- How Bacera is remunerated for its services –
- What relationships Bacera may have with other financial product issuers –
- What risks are involved in trading with Bacera –
- How our internal and external dispute resolution process works –
- How you can contact Bacera.

1 Bacera Co Pty Ltd

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Email: info@bacera.com.au
Website: www.bacera.com.au

Bacera Co Pty Ltd only provides general financial product advice in our trading guides and websites. **We do not provide Clients with personal financial product advice.** Personal financial product advice is advice that takes into account your personal objectives, financial situation and needs. General financial product advice is advice which does not take into consideration personal objectives or personal financial goals.

However, Bacera will provide a Product Disclosure Statement (“PDS”) in both paper and electronic formats which contains information about the particular products that we offer, including any relevant terms, significant risks and details of other fees and charges which may apply. Under the Corporations Act 2001, a Client must receive a PDS from a financial services licensee before acquiring a financial product. This document will be provided to assist you in making an informed decision about the products offered by Bacera.

2 What is the purpose of this Financial Services Guide?

The purpose of this Financial Services Guide (“FSG”) is to ensure that you receive key information about the type of financial services being offered by Bacera Co Pty Ltd (“Bacera”, “we”, “us” or “our”).

The contents of this FSG have been formulated to ensure that you receive the information required to make an informed decision about whether to use the financial products and services that are offered by Bacera.

This FSG contains important information about:

- Financial Services offered by Bacera
- How Bacera is paid for our services
- The capacity in which we act when we provide financial services
- Explanation of our internal and external dispute resolution measures

3 Who is Bacera?

Bacera provides an online trading platform, enabling Clients to trade in derivatives, namely contracts-for-difference (“CFDs”) over the internet. Bacera provides Clients with direct access to our system to enable them to buy and sell positions based on the prices of Underlying Reference Markets and Instruments.

4 Dealing in Bacera Products

4.1 Bacera Products

Bacera offers the following financial products to its Clients:

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

Basically, a CFD is an agreement between the Client and Bacera which allows you to make a profit or loss based on the price fluctuation of the CFD. The price of the CFD will be based on the price of the underlying asset or index.

4.2 Consult your financial advisor

Before dealing in Bacera products you should give consideration to your financial objectives, situation, needs and risk appetite, in order to assist you in deciding whether Bacera products are suitable for your purposes.

4.3 Client Agreement

Before Clients begin dealing in CFDs with Bacera, they must have received (either in paper form or electronically from our website), read, and understood the following documents:

- Financial Services Guide
- Product Disclosure Statement
- Individual/Joint/Corporate Application Form

This FSG should be read along with the other above documents before you commence dealing in Bacera Products.

4.4 Regulation

Bacera is regulated by the Australian Securities and Investments Commission and holds an Australian Financial Services License (No. 328794) and is a member of the Financial Ombudsman Service (Membership No. 13333) in Australia.

5 Financial Services

Bacera is authorized by its Australian Financial Services License (License No. 328794) to provide the following financial services:

1. Make a market in derivatives, namely CFDs and foreign exchange contracts;
2. Deal in derivatives, namely CFDs and foreign exchange contracts;
3. Provide general financial product advice with respect to derivatives, namely CFDs and foreign exchange contracts.

5.1 What type of Financial Advice does Bacera provide?

Bacera will provide information and advice to Clients about our products. This information and advice will only be considered **general advice** because it does not take into account the personal financial information of specific Clients. General advice under Australian law can include information about Bacera products and the outlook for Bacera Products.

Bacera does not provide Clients with **personal advice**, such as when to open or close a position. Personal advice takes into consideration the Clients financial objectives, situation, and needs. Clients who require personal advice should consult a qualified independent financial advisor.

When a Client speaks with Bacera, they are dealing with a Bacera employee. Bacera is therefore responsible to the Client for any general financial advice given by the Bacera employee.

5.2 Who is responsible for the financial services provided?

Bacera is responsible for the financial services provided, including the distribution of this FSG. Bacera holds an AFS License issued by the Australian Securities and Investments Commission (License No. 328794).

5.3 What does Bacera act as?

Bacera is a market maker and an issuer of Bacera Products. Bacera acts as the principal in trades executed by its Clients. Bacera does not act as a broker or agent. When Bacera receives your instructions and executes them, we become the “counter-party” to the Clients’ transactions - the party with whom the Clients are entering a contract.

5.4 How can Clients provide Bacera with trading instructions?

Clients have access to our dealing services via the telephone by calling our Live Dealing Desk and via the internet using our trading platform. These are the only means by which Bacera accepts Client’s instructions.

Bacera agrees to accept Client orders and instructions via the telephone, only if the Client can verify their trading account ID, telephone password and answer to their security question.

Prior to accepting your instructions over the phone, Bacera will require you to acknowledge and accept our terms and conditions set out in this FSG and our PDS, which details the contractual relationship between Bacera and the Client, as well as the obligations of each when entering into or closing a position.

You may print your daily and monthly trading 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.

Bacera will maintain accurate records of all Client orders and trades executed for the past seven (7) years. Upon request, Bacera can provide you with documentation to confirm the

transactions you have executed. This documentation is provided online and you can access your account at any time to view your transactions and account balance.

6 Privacy Policy

6.1 How safe is my private information?

Bacera recognizes the importance of ensuring that Clients have confidence in the way we handle their personal information and that it is kept private. Bacera has procedures in place which include the secure storage of your personal information, both physically and electronically. All personal information that Bacera collects will be treated in accordance with Bacera's Privacy Policy. This can be found in Bacera's current PDS.

The Anti Money Laundering Counter Terrorism Financing Act of 2006 requires Bacera to collect information and verify the identity of its Clients / customers. This is often referred to as "Know Your Customer" ("KYC") information. Customer identification and verification procedures will be carried out having regard to the Privacy Act of 1988.

The information we collect may be collected from other persons or organizations including agents and brokers, and from publicly available information and documents. Where required by law, your personal information may be disclosed to regulatory agencies.

6.2 Does Bacera have any associations & relationships with others?

We do not have any relationships or associations with any organizations or entities which might influence us in providing you with our services.

6.3 Professional Indemnity (PI) Insurance Cover

Bacera representatives are covered by a Professional Indemnity (PI) Insurance policy while they are directly employed by Bacera Co Pty Ltd. Bacera has PI insurance in place as required by law to support its obligations in relation to the compensation of Clients should we breach the financial service provisions of the Corporations Act.

7 Compensation

7.1 What are the fees, costs, and charges for Bacera's services?

Bacera does not charge Clients for general information and advice provided to Clients regarding our products.

This FSG only contains a general summary of the common fees, costs and charges associated with doing business with Bacera. Please refer to the PDS for more details and specific amounts. All fees, costs, and charges are subject to change from time to time. Fees and charges that you pay in connection with a Bacera product will be reflected on your statement.

In addition, being a market maker, Bacera may charge a bid/ask spread in respect of its CFD products, which will also affect the profits or losses you make when dealing in derivatives with Bacera.

7.1.1 Commissions on CFDs

Bacera may charge a Commission on all order executions. Commissions charged are the same for Australian and Foreign Clients. The Commission charge payable to Bacera for CFD trade executions is not subject to Goods and Services Tax (GST) in Australia.

7.1.2 Rollovers and Financing Charges/Benefits

CFDs that are held "overnight" (after the designated end of trading day) may incur a Rollover or Financing Charge/Benefit. The rollover charge is calculated according to the applicable rate in the interbank market, the size of the position, the duration of the rollover period, the spread, and the currency pair. End of business day and overnight times are determined by Bacera. Rollover and Financing Charges/Benefits are debited/credited to Client accounts on a daily basis.

7.1.3 Administrative Charges

Bacera will charge the following administrative charges in respect to using Bacera's financial services and products –

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 Currency Telegraphic Transfer (Incoming)	Free (Minimum Required)	Free (Minimum Required)
Foreign Currency 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.

7.2 How is Bacera remunerated for its services?

Bacera may charge its Clients fees or commissions for opening/holding/closing positions on CFD products. The calculation of the price to be paid (or the payout to be received) for products offered by Bacera, at the time the contract is closed (either purchased or sold), will be based on Bacera's best estimate of market prices and the expected level of interest rates, implied volatilities and other market conditions during the life of the financial contract.

The calculation will include a "spread" in favor of Bacera, consisting of both a "bid" and "ask" prices. The contract prices (or the payout amounts) offered by Bacera to Clients hedging, trading or speculating on market prices may differ substantially from prices available in the primary or underlying markets where contracts are traded. This is due to the spread favoring Bacera in the price calculation. Bacera acts as a market-maker and not a broker and derives its income from the bid-ask spreads that are embedded in the currency rates. This spread is not an additional charge or fee payable by you. The bid-ask spread is the difference between the rates at which we buy and sell the financial instrument, and will depend on factors such as the size of the trade and prevailing market rates.

When Clients enter a contract with Bacera they will be required to pay an "initial margin" and may be required to pay additional margin in the event of adverse market movements against your position to keep your position open. Such payments are not costs but are funds 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 requirements and our agreed terms and conditions set forth in this FSG and our PDS. All interest that may accrue on the Client trust account is kept by Bacera.

7.3 How are our employees compensated?

Bacera employees are paid a base salary while introductory brokers or authorized representatives who introduce business to Bacera may receive "rebates" on introduced Client's trading activity. Rebates are paid on a monthly basis. Rebates are based on a negotiated figure multiplied by the number of round-turn transactions completed by Clients. "Round-turn" transactions are defined as positions opened and closed within a certain time frame, typically one calendar month. In some cases rebates are based on a percentage of the actual spread earned by the company. Rebates are paid to introductory brokers and authorized representatives monthly, with quarterly and annual adjustments where necessary.

7.4 Will anyone be paid for referring me to Bacera?

Bacera may pay an introductory fee or commission, or we may provide other benefits to any person for referring customers to us in connection with the services and products to which this FSG relates, and these will be disclosed as required by law.

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

- The number of Clients the introducing broker/referrer has introduced to Bacera
- The number of round-turn transactions completed by the Client introduced to Bacera.

More specific information regarding remuneration and commission or other benefits described in this FSG can be requested from Bacera at any time.

8 Risk

Before trading with Bacera Co Pty Ltd, Clients should take in consideration the inherent risk involved in trading CFDs. Clients should be aware that CFDs traded with Bacera are done so on leverage, thus they carry a greater risk than traditionally traded investment instruments. Clients should be aware that they may sustain losses equal to that of their entire margin deposit. In certain circumstances, Bacera may initiate automatic liquidation of Client positions if proper margin is not maintained.

Before dealing with Bacera you should assess your financial objectives, situation, needs and risks associated with derivatives trading and dealing with Bacera, in order to decide if doing business with Bacera is right for you. Bacera recommends that potential Clients seek qualified independent financial advice before deciding to open an account.

9 Complaints

9.1 Lodge Compliant with Bacera

Bacera strives to assist its Clients with any issues or concerns they may have with our products and services. We work diligently to resolve any problems brought to our attention. We utilize internal and external dispute resolution procedures to resolve complaints we receive from our Clients. Our dispute resolution procedures can be read in detail in our PDS.

Initially, all complaints issued in writing will be handled and investigated internally by

Bacera's Compliance Department. Contact **Bacera Attn: Compliance Department** to formally lodge your complaint. Please submit you compliant in via email, fax, or letter utilizing the contact information listed in this FSG. Your concerns will be addressed as promptly as possible.

9.2 Lodge Compliant with the FOS

If the Client feels the resolution reached by the company is not satisfactory, they have the ability to escalate their concerns to an external dispute resolution scheme. If you are dissatisfied with the resolution that Bacera has proposed, you have the right to complain to the Financial Ombudsman Services www.fos.org.au (Membership No. 13333).

Financial Ombudsman Services

Telephone: 1 300 78 08 08 9am-5pm AEST weekdays
Cost of local rate from landline phones anywhere in AU

Fax: (03) 9613 6399

Mail: GPO Box 3, Melbourne, VIC 3001 (Australia)

Email: info@fos.org.au

9.3 Arbitration and Further Legal Proceedings

If the dispute or difference does not fall within the jurisdiction of the FOS, you may request Bacera to submit the dispute or difference to arbitration. The arbitration will be conducted in the accordance with the Institute of Arbitrators and Mediators of Australia Expedited Commercial Arbitration Rules, and to the extent permitted under those rules the Arbitrator will be a person recommended by the New South Wales Chapter of the Institute of Arbitrators and Mediators of Australia.

If Bacera refuses your request to go to Arbitration, you may commence legal proceedings against Bacera, in which case you agree to submit the dispute to the courts of New South 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.