

Product Disclosure Statement

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OzForex Pty Ltd (ABN: 65 092 375 703) ("OzForex")

Revised as at 1 June 2011

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IMPORTANT INFORMATION

Issuer

OzForex Pty Ltd [ACN: 092 375 703] ("OzForex") is the issuer of this Product Disclosure Statement ("PDS").

Date of Issue

This Product Disclosure Statement ("PDS") is dated 1 June 2011.

Copies

Copies of this PDS are available free of charge. They can be downloaded from our website at www.ozforex.com.au or posted to you on request by calling 1300 300 524 (in Australia).

Disclaimer

Foreign exchange products are subject to investment risk, including possible delays with the receipt of funds.

Financial Amounts

All financial amounts in this PDS are expressed in Australian dollars unless otherwise stated.

Restrictions on the offer of foreign exchange products and distribution of this PDS

The distribution of this PDS and the offer and sale of foreign exchange products offered under this PDS may be restricted by law in certain jurisdictions. OzForex does not represent that this PDS may be lawfully distributed, or that any foreign exchange products may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by OzForex which would permit a public offering of any foreign exchange products or distribution of this PDS in any jurisdiction where action for that purpose is required. Accordingly, no foreign exchange products may be offered or sold, directly or indirectly, and neither this PDS nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this PDS or any foreign exchange products offered under this PDS come must inform themselves about, and observe, any such restrictions.

This PDS and the foreign exchange products offered under this PDS have not been and will not be registered under the U.S. Securities Act of 1933, as amended or any other

US state or other securities laws. Accordingly, the foreign exchange products offered in this PDS may not be granted to or taken up by, and the foreign exchange products may not be offered or sold to, any person that is in the United States or that is, or is acting for the account or benefit of, a US person.

Glossary of terms

Capitalised words used in this PDS have defined meanings which appear in the Definitions section at the back of this PDS.

1 PURPOSE

1.1 Information

This is a Product Disclosure Statement ("PDS"). It sets out important information designed to assist you in deciding whether to acquire the financial products described in this PDS.

1.2 No Personal Advice

The information contained in this PDS is general in nature and does not take into account your personal objectives, financial situation or needs. Before acting on any information, you should consider the appropriateness of it and the relevant foreign exchange product having regard to your objectives, financial situation and needs. In particular, you should obtain independent financial advice to ascertain whether you should acquire any financial product described in this PDS.

1.3 No Independent Advice

We offer general advice about the mechanics of foreign exchange transactions and provide foreign exchange rate data, but we recommend that you carefully consider all the potential outcomes of specific foreign exchange trades and strategies before entering into any of the foreign exchange products described in this PDS – for example, you may choose to obtain independent financial advice which takes into account the particular reasons you are considering entering into the transaction with us. Independent taxation and accounting advice should also be sought in relation to the impact of foreign exchange gains and losses in light of your particular financial situation.

1.4 Client Agreements

There are two Client Agreements under which OzForex enters into the foreign exchange transactions contemplated by the PDS. These agreements set out the rights and

obligations applicable to you and are described in this PDS.

If you are considering acquiring any of the financial products offered under this PDS and you are a corporate client, **you will need to read and agree to the terms set out in the Corporate Client Agreement.** You are likely to be a corporate client if you transacting on behalf of a registered company, registered association, registered co-operative or statutory body.

If you are an individual who is transacting privately (for example, you may be making a purchase overseas in a foreign currency, living/working overseas and wanting to send money home, migrating to another country and wanting to transfer funds or investing money overseas or receiving the proceeds of an overseas investment or pension), or if you are a sole proprietor of a business, a trustee of a trust or a partner of a partnership, **you will need to read and agree to the terms set out in the Individual Client Agreement.**

The following is an overview of the key contractual provisions in our Client Agreements:

- **No Obligation to Accept Instructions or Process Transactions** - While we will always endeavour to comply with your Instructions as quickly as possible, there may be circumstances in which we are unable to do so. Therefore, we always reserve the right to refuse to accept your Instructions and to do so without giving you any reasons and without incurring any liability to you.
- **Transaction Binding** - If you wish to enter into a transaction, you may do so by giving us Instructions online, by telephone or by email. The transaction will be legally binding on you when we receive your Instructions.
- **Cancellation** - Once a transaction has become legally binding, you may not cancel the transaction in any circumstances.
- **Funds Held by Us** - You acknowledge and agree that we do not hold your funds on trust and will not put your funds into a separate bank account.
- **Payment of Full Amount on Settlement** - You must always pay to us the full amount of the funds you are transmitting on the due date (less any Advance Payments already made). We do not facilitate any form of margin or speculative foreign exchange trading, so we do allow you to pay or receive only the amount of any loss or profit occasioned by exchange rate fluctuations. If you want to speculate on exchange rates, our service is not for you.
- **Closing Out Transactions** - If you fail to make any payment when it is due, you will be breaching your contract with us and we will Close Out the transaction you have booked. This could result in a loss to us which we will ask you to pay.

You must ensure that you fully understand the terms set out in the relevant Client Agreement.

Both the Individual Client Agreement and the Corporate Client Agreement are incorporated by reference into this PDS. These agreements may be read on our website at www.ozforex.com.au. A printed copy is available upon request to us at no charge.

More detail on how you can apply for the products described in the PDS, is set out in section 2.4.

1.5 Further Information

If you do not understand any part of this PDS, or require further information, please contact us by telephone on 1300 300 424 or +61 2 8667 8090 or by email at info@ozforex.com.au.

2 PROVIDER DETAILS

2.1 Our Contact Details

All of the services referred to in this PDS are provided by:

OzForex Pty Ltd (ACN: 092 375 703)

Level 9, 10 Bridge Street
Sydney, NSW, 2000, Australia

Telephone +61 2 8667 8090

Facsimile +61 2 8667 8080

Email info@ozforex.com.au

Website www.ozforex.com.au

Principal contact: Compliance Officer.

2.2 Australian Financial Services Licence

OzForex holds an Australian financial services licence (AFSL No. 226 484).

2.3 Our Service

We provide a 24 hour international online foreign exchange service. You can instruct us to send your funds overseas either immediately (ie: within the next 2 days) or at any time within the next 12 months and you can enter into an arrangement that is legally binding immediately or legally binding only in certain circumstances (please see the discussion of Options in Part 7 and Orders in Part 8 of this PDS).

2.4 Accessing the Service

You can access the service directly online, by telephone or by email. We do not accept communications by fax.

In order to transact with us you will need to register via our website. When you register with us, you will be asked to agree to the terms of our Client Agreement. If you are an individual, you may do so by clicking on the "I Agree" button on our website. If you are a corporate client, you will need to sign and send back to us the Corporate Client Agreement before you can enter into a transaction.

Once we have verified your identity, your registration will be complete and you can begin to transact with us.

Once registered, if you want to transact:

- **By phone**, you will need to call us and speak to one of our dealers to book your deal. We provide the same rates by phone on 1300 300 424 as we do online.
- **Online**, you will need to log in using your username and password. You can then book a transaction online using either (a) the auto-confirm transaction option or (b) the online booking confirmation option.
- **By Email**, once you have included all the details of your suppliers in your online beneficiary (payee) library, you can send us the transaction details by email and we can have them entered into our system for you. If you book a transaction by email, the transaction will be binding on you when we process your email. You acknowledge that, if you choose to book a transaction by email, it may not be processed immediately. When we process your Instructions, we will then send you an email headed "Deal Confirmation".

You can book exchange rates with us 24-hours a day Monday to Friday. When you book your first deal, we will call you to confirm the transaction and discuss payment options. Subsequent payments can be managed completely online (or by phone if you prefer). Once your funds have been received by us, we will send the currency you have purchased electronically to your nominated Beneficiary Account.

2.5 Deliverable Only

In all cases, you must deliver to us the full amount of the funds you are exchanging. We simply transmit money. We do not facilitate any type of margin or leveraged foreign exchange transaction (ie: where you are able to speculate on future exchange rate movements by putting down a deposit and trading a multiple of that deposit). We do not allow you to pay us only the amount of any loss occasioned by exchange movement and in no circumstances will we pay you any profit realised as the result of an exchange rate movement.

2.6 Information

We provide general information in relation to foreign currency transactions. You will find on our website some useful historical data and some charting and research tools. We can also provide you with general oral advice about how foreign exchange transactions work. Please note however that none of the information we provide to you, either on our website or over the phone, will take into account your personal financial circumstances and needs. You will always need to exercise your own judgement and should obtain independent financial advice as to the amount, type and timing of any particular transaction you enter into with us.

3. OVERVIEW

3.1 What is Foreign Exchange?

The term foreign exchange refers to the simultaneous purchase of one currency and sale of another currency at an agreed exchange rate. The exchange rate is the price at which one currency can be bought or sold in exchange for another currency. When you are comparing exchange rates offered by different providers, you need to consider both the exchange rate that is quoted and any transaction fees that may be applicable. For example, a good exchange rate may be accompanied by high transaction fees, so you need to take both into account.

3.2 Exchange Rates

An exchange rate is the price of one currency expressed in terms of another currency. For example, if the current exchange rate for the Australian dollar against the US dollar is AUD/USD 0.9039, this means that an Australian dollar is equal to, or can be exchanged for, approximately 90 US cents. Alternatively, USD\$1.00 can be exchanged for AUD\$1.10.

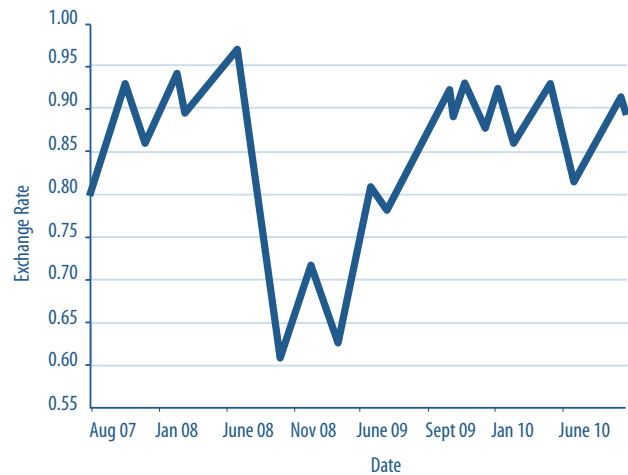
3.3 Quotation of Exchange Rates

The foreign currency market is an over-the-counter ("OTC") market, which means that there is no official or benchmark exchange rate for foreign currencies. Different service providers will quote different exchange rates. If you are intending to transfer your money straight away, you will want to obtain the best available exchange rate at that time. This is often a matter of shopping around. We cannot guarantee to offer the best rate available on the day, but we endeavour to be very competitive and will try to match any better rates.

3.4 Exchange Rate Fluctuation

Exchange rates fluctuate constantly and thereby give rise to risk and uncertainty. The chart below shows the fluctuations in the AUD/USD exchange rate between 21 August 2007 and 17 August 2010.

Table 1: AUD/USD EXCHANGE © 2010 Ozforex Pty Ltd



Warning: the information in Table 1 is historical and is not intended to predict in any way future possible AUD/USD exchange rate movements. It is used only to illustrate the extent to which the rate can fluctuate.

3.5 Margin

The "Margin" refers to the difference between the rate we obtain from our own providers on the wholesale foreign exchange market (eg the Interbank Spot Rate) and the rate we quote you. The Margin will vary from currency to currency and from time to time. We will not usually be able to tell you what the Margin is, but you are always free to compare the exchange rate we quote you with other providers to ensure that we are offering you a good rate. For more information about how the Margin works, see also sections 5.5(a) and (c), 6.8(b) and 7.4 of this PDS, below.

3.6 Transaction Fees

We charge a small fixed transaction fee, but only on transactions under AUD\$10,000 (or foreign currency equivalent). This is a separate fee, the amount of which is unrelated to the exchange rate. You must factor this fee into the cost of the transaction as well. If you are comparing rates, you should bear in mind that an attractive exchange rate may be offset by a high transaction fee (or vice versa).

See sections 5.5 (b) and (c), 6.8(c) and (d) and 7.10 of this PDS, below, for more specific details on the fees we charge and the payments you may be required to make in the course of a foreign exchange transaction.

3.7 Counterparty risk

When you enter into a transaction with us, you are reliant on the ability of OzForex to meet its obligations to you. Any moneys you place with us are not held in a separate account or on trust for you. While we are required under our financial services licence to maintain surplus liquid funds at all times, you will always be assuming a risk in relation to OzForex's solvency. This risk is also sometimes referred to as "counterparty risk".

However, we do not assume any risk in relation to exchange rate movements ourselves. To reduce your exposure to us, we enter into a hedging transaction with one of our counterparties as soon as you enter into a transaction with us. The risk for you therefore is essentially that one of our counterparties defaults. We use a number of different counterparties at any time. However, they are all large international banks. For example, Barclays Bank PLC in the UK is our primary provider - their details can be located at www.barclays.co.uk.

In order for you to assess for yourself our financial ability to meet our counterparty risk, you can obtain a copy of our financial statements, free of charge, by going to the "Our Financial Statements" tab on our website.

4 FOREIGN CURRENCY TRANSACTIONS

4.1 Exchange Rates

As a technical matter, exchange rates are generally quoted in 4 different ways depending on the time for settlement:

- (a) Value Today (ie: today or "T");
- (b) Value Tomorrow (ie: 24 hours or "T+1");
- (c) Spot (ie: 48 hours or "T+2");
- (d) Forward (ie: any time between 48 hours and 12 months).

4.2 Spot and Forward Contracts Only

We offer only Spot and Forward transactions. When you are comparing exchange rates, you need to ensure that you are comparing a Spot Rate with another Spot Rate and not with a Value Today or Value Tomorrow rate, as Value Today or Value Tomorrow rates are calculated on different days and so are not valid comparisons. For a more detailed explanation of how Spot Contracts and Forward Contracts work, please go to sections 5 and 6 of this PDS.

4.3 Foreign Currency Options

We also offer foreign exchange Options that give you the right, but not the obligation, to enter into a Spot Contract at an agreed exchange rate at an agreed time in the future. For a more detailed explanation of how the foreign exchange options that we offer operate, please go to section 7 of this PDS.

4.4 Orders

We also offer an arrangement whereby you can enter into a Spot Contract or a Forward Contract only when a target exchange rate nominated by you is reached. For a more detailed explanation of how the limit orders that we offer operate, please go to section 8.1 of this PDS.

4.5 Regular Money Transfer

You may ask us to make regular payments on a weekly, monthly or quarterly basis for up to 12 months in advance. You can do so either by allowing us to apply the Spot Rate applicable at the time of each transfer or by setting the exchange rate for each payment in advance. If you choose the first option, you will be effectively entering into a series of Spot Contracts (see Part 5) and may cancel the series of contracts without incurring any liability to pay a loss providing that you give us at least 7 days notice. If you choose the second option, you will effectively be entering into a series of Forward Contracts (see Part 6) and will therefore be bound to settle the transactions in the same way as you would an ordinary Forward Contract and to pay any loss if you cancel one or more contracts in that series.

In either case, you will be asked to pay an Advance Payment (see paragraph 6.6) in the amount of each instalment which will be applied in settlement of the last payment in the series of payments.

5 SPOT CONTRACTS

5.1 What is a Spot Contract?

Whenever you exchange currencies, you are effectively entering into a foreign exchange contract of some kind (ie: this happens when you pay for a purchase overseas by credit card, even though you may not realise it).

If you want us to transmit your money immediately, then you will need to enter into a Spot Contract with us. A Spot Contract is an agreement to exchange one currency for another at an agreed exchange rate within 2 days of the transaction being booked. For example, when you make a purchase overseas in a foreign currency, you may have to pay the purchase price straight away. In those circumstances, your only consideration will be the

exchange rate at the time and we will quote you a Spot Rate (you should feel free to obtain quotes from other providers to ensure that our Spot Rate is competitive). When you have agreed to the Spot Rate and entered into the Spot Contract with us, you will have 48 hours to pay the funds into our account and we will then remit the funds immediately to your nominated Beneficiary Account.

If, on the other hand, you do not have to make the payment immediately (ie: the purchase price payable under a contract is not payable for 4 months), you will need to consider whether to lock in the Spot Rate available now or wait for 4 months and hope that the exchange rate is equally, or more, favourable then. If you do not want to take the risk that the exchange rate is less favourable in 4 months time, you can lock in the Spot Rate either by entering into a Spot Contract immediately (and sending the money to an account in the foreign currency, if you have one) or you can do so by way of a Forward Contract (explained in Part 6 of this PDS), which will allow you to send the money in 4 months time at the Forward Rate (as explained in section 6.4 of this PDS, below).

EXAMPLE A

The following is a hypothetical example of how a Spot Contract works. The fact scenarios below illustrate the benefits and the risks that can be associated with exchange rate fluctuations and Spot Contracts

Scenario 1 (No Spot Contract used)

On 30 May 2008, ABC Pty Ltd, an Australian company, entered into a Cash On Delivery ("COD") contract with XYZ LLC in America to buy 100 laptops at a unit price of USD\$2,000 for delivery on 30 September 2008. On 30 May 2008, the exchange rate was 0.9450, which means that the cost of the contract in Australian dollars was AUD\$211,640. The Australian company decided to do nothing on 30 May 2008. When the computers were delivered on 30 September 2008, the exchange rate was 0.6250 which means that the amount payable was AUD\$320,000.

By doing nothing on 30 May 2008 and thereby deciding to wait and see what happened to the exchange rate, the Australian company had to pay 35% more than they had anticipated.

Scenario 2 (Spot Contract used)

In this scenario, we are assuming that the Australian company entered into the same contract referred to in Scenario 1 on 28 September 2008, instead of 30 May 2008, with a delivery date of 14 January 2009. At 28 September 2008, the exchange rate was 0.6250. When the computers were delivered on 14 January 2009, the exchange rate was 0.9350.

By doing nothing in this scenario, the Australian company would have realised a significant benefit. In this Scenario 2, the value of the contract to the Australian company on 28 September 2008 would have been AUD\$320,000. If the Australian company entered into a Spot Contract on 14 January 2009, they would have had to pay only AUD\$213,900, instead of AUD\$320,000.

Please note: *The exchange rates mentioned are based on Table 1 in section 3.4 above, but are not intended to be accurate and are used for the purposes of illustration only.*

5.2 Variables

In a Spot Contract, there are a number of variables that need to be agreed upon, including:

- (a) the denomination and amount of the currency being bought;
- (b) the denomination and amount of the currency being sold; and
- (c) the exchange rate.

5.3 Settlement

A Spot Contract must be settled within 2 days of the transaction being entered into. This means that you must pay us the money you are exchanging within 2 days. Actual receipt of the funds transferred by us into your nominated Beneficiary Account may take longer than 2 days depending on when we actually receive your funds, the destination of the funds and the intermediary banks involved.

5.4 Spot Contract Exchange Rate

The Spot Rate quoted by us will be calculated by taking into account the Interbank Spot Rate and the Margin. See also section 3.5 of this PDS.

5.5 Fees

The following Fees/costs may apply to a Spot transaction and you will need to take them into account when deciding whether to enter into a Spot Contract with us:

- (a) Margin

The Margin will vary from time to time and from currency to currency. See section 3.5 of this PDS, above. It is not a separate amount that you have to pay, rather it is built in to the exchange rate. It effectively represents our gross profit margin on each transaction. You can satisfy yourself that our Margin is reasonable by comparing the exchange rate we quote with the rates quoted by other providers. You will need to bear in mind that some providers might quote a good exchange rate, but supplement a narrow margin with high transaction fees.

(b) Transaction Fees

We do not charge transaction fees except for transactions under AUD\$10,000 (or foreign currency equivalent). For transactions under AUD\$10,000 (or foreign currency equivalent) we charge a fixed fee of AUD\$15.00 (or foreign currency equivalent). If a transaction fee is payable, it will be added to the total amount you are required to settle.

(c) Third Party Transaction Fees

We do not charge you an additional amount for third party transaction fees. They are built into our margin. However, in some cases, the intermediary banks we use to process payments may deduct transaction fees that we have not anticipated. For example, in some jurisdictions, the receiving bank charges a receiving bank fee. We will try and notify you of these additional fees if we are aware of them, but we cannot always do so in advance. In our experience, receiving bank fees tend to be less than AUD\$50.00 (or foreign currency equivalent), but this will depend on the relevant jurisdiction. You may therefore find, in some cases, that the total amount you expect to receive in your Beneficiary Account is slightly less because such fees have been deducted. You should bear this in mind if you are paying the precise amount of an invoice, for example. If you have any questions regarding the likelihood of third party transaction fees being levied by intermediary banks for your transaction, you should ask one of our dealers.

5.6 Significant Benefits

The significant general benefits of entering into Spot Contracts and the other foreign exchange transactions offered under this PDS are outlined in section 9. The significant specific benefits of entering into a Spot Contract are as follows:

- Speed and ease of transacting.
- Certainty in relation to the exchange rate we offer you.
- Access to real time pricing.

5.7 Significant Risks

The significant general risks of entering into Spot Contracts and the other foreign exchange transactions offered under this PDS are outlined in section 10. The significant specific risks of entering into a Spot Contract are as follows:

- As exchange rates fluctuate quite rapidly, you may find that the rate improves very soon after you lock in a rate or that another provider is offering a slightly better rate at any particular point in time.
- Delays are rare but they do happen; they can be caused by technical or administrative problems experienced by us or by intermediaries for reasons entirely outside our control.

6 FORWARD CONTRACTS

6.1 What is a Forward Contract?

A Forward Contract is an arrangement that allows you to transfer money at some time (up to 12 months) in the future at an exchange rate that you agree now, so that you know what the exchange rate will be at the time the exchange of currencies becomes necessary. This allows you to avoid the risks and uncertainties associated with adverse exchange rate movements.

EXAMPLE B

The following hypothetical example illustrates the difference between a Forward Contract and a Spot Contract

In Scenario 1 of Example A above, the Australian company could have entered into a Forward Contract on 30 May 2008 and locked in the forward rate of around 0.9450 by entering into a Forward Contract. On 30 September 2008, the Australian company could have settled the Forward Contract with OzForex by paying only about AUD\$215,000, instead of approximately AUD\$320,000 if they had waited and entered into a Spot Contract.

Please note: *The exchange rates mentioned are based on Table 1 above, but are used for the purposes of illustration only.*

6.2 Purpose of a Forward Contract

The purpose of a Forward Contract is primarily to achieve certainty and to avoid possible losses attributable to adverse exchange rate movements. A Forward Contract enables future exchange risk to be avoided, although you may still face a loss if you do not settle the Forward Contract on or before the Maturity Date. A Forward Contract may be useful in the following circumstances:

- (a) importing and exporting goods where the invoice is in a foreign currency;
- (b) borrowing in foreign currencies;
- (c) investing in foreign currencies;
- (d) buying or selling property overseas;
- (e) receiving pension payments from an overseas jurisdiction; or
- (f) repatriating salary or interest payments received overseas.

Forward Contracts are generally used by importers, exporters and investors who seek to lock in exchange rates for a future date in order to protect their foreign currency cash flows. However, they can also be used by individuals migrating or buying property overseas.

6.3 Variables

The variables in a Forward Contract are:

- (a) the denomination and amount of the currency being bought;
- (b) the denomination and amount of the currency being sold;
- (c) the exchange rate; and
- (d) the Maturity Date.

6.4 Forward Exchange Rate

In determining the rate of exchange for a Forward Contract, there are two components:

- (a) the current Spot Rate; and
- (b) the forward rate adjustment ("Forward Points").

The Forward Rate quoted by OzForex will not be the same as the Spot Rate, because it will take into account the interest costs in holding the money until the Maturity Date. It may be better or worse than the prevailing Spot Rate on the day depending on the difference in interest rates between the country from which the funds are sent and the country to which the funds are being received.

The calculation of Forward Points is a complicated one. It will be influenced not just by interest rates in the two relevant countries, but also by the duration of the Forward Contract and less tangible factors such as the expected direction of interest rates in the two relevant countries prior to the Maturity Date. You may find that the Forward Points change quite significantly over a short period of time as a result of developments impacting on expectations of future interest rate changes. Example C below, illustrates the calculation of a Forward Rate for a 3 month Forward Contract.

EXAMPLE C

The following hypothetical example illustrates how an individual was able to secured a more favourable exchange rate by using a Forward Contract instead of a Spot Contract

On 13 October 2008, John Citizen entered into an agreement to sell his investment property in the UK in which he had GBP100,000 equity with the intention of paying the proceeds into the mortgage over his Australian house. He decided to lock in the rate of 2.5850 at that time rather than waiting to see what the exchange rate would be on 30 June 2009. He therefore agreed to pay GBP100,000 on 30 June 2009 in exchange for AUD\$258,500. If he had waited and entered into a Spot Contract on 30 June 2009, he would have received AUD\$205,080 for his UK pounds and would therefore have been approximately AUD\$50,000 worse off.

Please note: *The exchange rates mentioned are used for the purposes of illustration only. They are not based on the material in Table 1.*

Table 2

The following is a hypothetical example that demonstrates how Forward Points are calculated

Currency OZFOREX buys / (Client sells)	AUD
Amount:	215,109.80
Currency OZFOREX sells / (Client buys):	USD
Amount:	200,000.00
Maturity date of forward contract:	Date + 3 calendar months
Spot Rate	0.9336
Exchange Rate Agreed:	0.9332 (Spot Rate -0.0035 forward points)

Warning: the information in this chart is historical and is not intended to predict in any way future possible AUD/USD exchange rate movements. It is used only to demonstrate how Forward Points are calculated. The exchange rate agreed is based on the wholesale Spot Rate that OzForex is able to get from one of our wholesale providers. Based on this wholesale Spot Rate, we are then able to quote you a Spot Rate and you may then accept the rate quoted and enter the deal.

6.5 Variation to the Maturity Date

The Maturity Date is the date your Forward Contract expires; in other words, the date on which you are required to send to us the funds you are transmitting. When you enter into a Forward Contract, the Maturity Date will be agreed and cannot be changed without our consent.

We may, upon request but entirely at our discretion, agree to allow you to vary the Maturity Date you have booked. We may allow you to pay some or all of the amount you are transferring early at some time before the Maturity Date ("Pre-Delivery") or we may allow you to extend the Maturity Date ("Rollover"), but not for longer than 12 months from the date you entered into the transaction. If we do agree to such a variation, the Forward Points will change.

6.6 Advance Payment

All Forward Contracts must be settled by delivery of the full amount being transferred on the Maturity Date (also referred to as the Settlement Date). This means that we must be able to sight the cleared funds in our bank account on or before the Maturity Date. When you enter into a transaction with us, we enter into a matching transaction with our own providers. If you do not settle your transaction, we still have to settle ours. In order to cover the risk that you do not settle your transaction, we ask you to pay some of the settlement payment in advance ("Advance Payment").

The amount of any Advance Payment we request will be a fixed percentage of the value of the transaction and will normally be between 5% and 10% of the value of the transaction, but could be more depending on the duration of the Forward Contract. While the amount of any Advance Payment is at our complete discretion, as a general guide, transactions with a short term settlement date (with a Maturity Date of less than 3 months) will attract a 5% Advance Payment and long dated Forward Contracts (with a Maturity Date of 3-12 months) will incur a 10% Advance Payment. We will usually ask for an Advance Payment when you enter into a transaction, but the fact that we have not done so does not mean that we will not ask for one later if the exchange rate trends unfavourably. Equally, the fact that you have already made an Advance Payment does not mean that we will not ask for one or more additional Advance Payments if the exchange rate continues to move unfavourably.

If we have requested payment of an Advance Payment at any stage of the transaction, you must pay it promptly. We expect to receive the Advance Payment within 48 hours of the request, failing which we reserve the right to Close Out the transaction without notice and ask you to pay the full amount of any loss occasioned by us immediately.

We do not pay interest on Advance Payments.

IMPORTANT: You should not enter into a Forward Contract if you are unable or unwilling to provide an Advance Payment of between 5% and 10% of the value of the transaction with the possibility of one or more further Advance Payments being requested at any time prior to the Maturity Date. If we ask you to pay an Advance Payment at any time and fail to do so, we may Close Out your Forward Contract without prior notice.

6.7 Closing Out Transactions

The liability for an adverse exchange rate movement is crystallised at the commencement of the Forward Contract and not on settlement. If you want to calculate your liability to pay an Advance Payment at any point in time prior to the Maturity Date or your liability to pay a loss in the event that the contract is Closed Out, you need to consider

the exchange rate at the time of closing out, because Closing Out involves entering into the same transaction in reverse and selling bought currency back into the market. In the event that a Forward Contract is Closed Out, we will calculate, as at the closing out date, the value of the transaction using prevailing market rates chosen by us in good faith.

IMPORTANT: If there is a loss on a transaction that is Closed Out, you will be liable to compensate OzForex immediately upon demand for the full amount of that loss which could exceed the amount of any Advance Payment already held. In no circumstances shall OzForex be liable to pay to you any profit arising from the closing out of a transaction.

In the case of a Regular Money Transfer, you should not fix the exchange rate in advance for each instalment (see paragraph 4.5) unless you are confident that you will need to make every payment. If, for example, you cancel your instructions after the third of twelve monthly payments, the other nine transactions will be closed out and you will be required to pay any loss which will be deducted from the Advance Payment.

The following example explains the consequences of Closing Out a Forward Contract.

EXAMPLE D

The following hypothetical example illustrates one of the risks that can be associated with Forward Contracts as a result of the fact that you cannot cancel a Forward Contract even your requirement to send funds overseas ceases to exist

In Example A above, assuming that the Australian company entered into a Forward Contract on 30 May 2008, they may find at the end of August that they no longer want to buy the laptops for some reason or that the American company is unable to fill the order. However, they are still bound to settle the Forward Contract with OzForex even though they no longer have any need to send any money to the US. They will ask OzForex to Close Out the transaction or, if they simply fail to deliver the funds on the Settlement Date, we will automatically Close Out the transaction. If the Forward Contract had been closed out on 30 September 2008, the exchange rate was 0.6250 at that time. The loss would therefore have been AUD\$108,000, which the Australian company would have to pay to us within 7 days.

Please note: *The exchange rates mentioned are used for the purposes of illustration only and are based on the material in Table 1.*

6.8 Fees

Set out below are the payments that you will need to take into account when deciding whether to enter into a Forward Contract:

- (a) **Advance Payment** – see section 6.6 of this PDS, above;
- (b) **Margin** - see section 5.5(a) of this PDS, above;
- (c) **Transaction Fees** – see section 5.5(b) of this PDS, above. Please note that Transaction Fees may be incurred if you are transferring funds to multiple Beneficiary Accounts; and
- (d) Third Party Transaction Fees – see section 5.5(c) of this PDS, above.

6.9 Significant Benefits

The significant general benefits of entering into Forward Contracts and the other foreign exchange transactions offered under this PDS are outlined in section 10. The significant specific benefits of entering into a Forward Contract are as follows.

- Cash flow certainty.
- Protection from adverse exchange rate movements.

6.10 Significant Risks

The significant general risks of entering into Forward Contracts and the other foreign exchange transactions offered under this PDS are outlined in section 10. The significant specific risks of entering into a Forward Contract are as follows.

The opportunity to make financial gains as the result of favourable exchange rate movements is precluded; if you enter into a Forward Contract, you must always settle it on the agreed terms whatever the exchange rate is on the Maturity Date.

If the reason for entering into the Forward Contract ceases to exist (for example, the relevant supply contract is cancelled) prior to the Maturity Date, the Forward Contract may need to be Closed Out early and that may result in a loss if the exchange rate has moved unfavourably, as you are not able to cancel the transaction or transfer your obligations to anybody else.

An Advance Payment may be requested of at least 5% to 10% of the value of the transaction either at the beginning of the transaction or at any time prior to the Maturity Date, so you must ensure that you have the funds available to meet any such request. If for any reason you are unable to pay the Advance Payment, we may Close Out your transaction without notice.

Interest will be foregone on the amount of any Advance Payment/s held by us as we do not pay any interest on funds held by us.

7 OPTIONS

7.1 What is an FX Option?

A foreign exchange Option is an agreement that gives you the right but not the obligation to enter into a foreign currency transaction at a pre-determined exchange rate on a pre-determined date in the future. You will have to pay a non-refundable fee ("Premium") for the Option, but you will not have to settle the foreign currency transaction if you choose not to exercise the Option.

EXAMPLE E

The following hypothetical example illustrates the advantage of entering into an Option over a Spot Contract or Forward Contract

In Scenario 1 of Example A above, the Australian company could have entered into an option on 30 May 2008 and locked in a Strike Price of 0.9450 for expiry in September 2008. On 30 September 2008, the Australian company would have exercised the option and paid OzForex only about AUD\$211,640, instead of approximately AUD\$320,000 if they had waited and entered into a Spot Contract. In this scenario, the Australian company may have been better off simply entering into a Forward Contract on 30 May and avoiding the Premium. However, if the US company cancelled the contract, the Australian company would have been much better off with an Option, because they would still have been bound to settle the Forward Contract or pay a large loss when it was Closed Out.

Please note: *The exchange rates mentioned are used for the purposes of illustration only and are based on the material in Table 1.*

7.2 Vanilla Option

OzForex offers only European style bought vanilla Options. A "European" style Option means that both the exchange rate ("Strike Rate") and the date on which you must make an election whether or not to Exercise the Option ("Expiry Date") are fixed. When you enter into a vanilla Option, you nominate the currencies you want to exchange ("Currency Pair"), the Strike Rate and the Expiry Date. The currencies that you wish to exchange must be acceptable to OzForex. Furthermore, you cannot sell the Option.

7.3 Purchasing an Option

We enter into Options only by telephone. When you ring us to book an Option, we will quote you a Strike Rate for the underlying Spot Contract and a Premium for the Option and we will agree an Expiry Date for the Option. If you agree to our terms, the Option agreement becomes legally binding in that telephone conversation. After the telephone conversation, we will send you an Option Confirmation. This is an error correction mechanism only which confirms the details of the Option you have entered into on the phone. You do not have to do anything after receiving the Option Confirmation other than check the details. If any of the details are incorrect, you must tell us within 24 hours of receiving the Option Confirmation otherwise the details set out in the Option Confirmation will be deemed to correct.

7.4 Premium

When you contact us to purchase an Option, OzForex will quote you a Premium on a transaction by transaction basis. In calculating the Premium, the following factors could be relevant: the currencies involved, the Strike Rate, the Expiry Date, the amount involved, current market exchange rates, current market interest rates in the two relevant countries and general market volatility. The amount of the Premium will also take into account the premium offered to us by our own provider, so our Margin on the Option will be the difference between the retail Premium we quote you and the wholesale premium we obtain from our provider.

While the Premium charged will vary on a transaction by transaction basis, purely as an indication, the amount of the Premium is likely be in the range of 3% to 10% of the total value of the transaction.

More details about how the Premium is calculated can be sourced on our website by using the FX Options Pricing Calculator which appears under Options & HREW Calcs or by using the following link:

<http://www.ozforex.com.au/information/tools-and-calculators.asp>

Please note OzForex does not guarantee the accuracy of the calculations of this tool. When making decisions about hedging and trading using currency options you should seek actual dealing quotes from a financial services provider.

7.5 Payment of Premium

The Premium is payable within 2 business days of the date you agree to purchase the Option and is not refundable. If you fail to pay the Premium, we reserve the right to terminate the transaction to purchase the Option on 24 hours written or oral notice, in which case you will remain liable to pay us the Premium and we will seek to recover it as a debt if it remains unpaid.

7.6 Expiry Date

You will be able to choose from a range of Expiry Dates that OzForex will offer you. When choosing the Expiry Date, you should keep in mind that you cannot Exercise the Option other than on the Expiry Date.

7.7 Decision to Exercise the Option

In deciding whether or not you should Exercise an Option on the Expiry Date, you should consider the Premium, the Spot Rate and the Strike Price. As a general principle, you may decide to Exercise an Option if, after factoring in the amount of the Premium, the Spot Rate is less favourable than the Strike Rate on the Expiry Date. If this is not the case you may decide to allow the Option to lapse. In other words, if the Spot Rate gives you a better exchange rate on the day after factoring in the amount of the Premium you have paid, you may decide not to Exercise the Option.

7.8 Method of Exercising the Option

If you choose to Exercise the Option, you will have to notify us of your intention to do so either by telephone at any time up until midday (12.00pm) Sydney time on the Expiry Date. If you do not notify us of your intention to Exercise the Option, it will expire worthless at midday (12.00pm) on the Expiry Date.

7.9 Consequences of Exercising an Option

If you decide to Exercise an Option, you will automatically enter into the Spot Contract set out in the Option Confirmation that we send you after you decide to purchase the Option. At the time you Exercise the Option you will be bound by the terms of the Client Agreement. In particular, you will be required to provide to us details of your Beneficiary Account immediately and to deliver to us the full amount of the funds you are exchanging within 48 hours of Exercising the Option.

7.10 Fees

The only fee payable in relation to the Option is the Premium. If you elect to Exercise the Option, the fees set out in section 5.5(b) above will apply in the same way as they apply to ordinary Spot Contracts, including both our Transaction Fees and third party transaction fees.

7.11 Significant Benefits

The general benefits of entering into an Option and any other transactions referred to in PDS are set out in Part 9 of this PDS, below. The significant specific benefits involved in using an Option are:

- Options enable you to hedge your currency exposure by providing protection against unfavourable currency movements between the time you enter into the Option and the Expiry Date, while allowing you to take advantage of any favourable currency movements.
- Options offer a more flexible arrangement than Forward Contracts because you are not committed to going ahead with the foreign exchange transaction if you do not want to.

7.12 Significant Risks

The general risks of entering into an Option and any other transaction referred to in this PDS are set out in Part 10 below. The significant specific risks involved in using an Option are:

- The Premium is not refundable and is not applied in reduction of the amount you are transferring if you choose to Exercise the Option.
- The total cost of the foreign currency transaction could be more than if you had not entered into the Option because you have to factor in the Premium.
- The Expiry Date is not flexible, so you will not be able to enter into a transfer prior to the Expiry Date in the same way that you could pre-deliver or roll over a Forward Contract.
- You cannot sell the Option - if at any stage, the reason for the underlying foreign currency transaction ceases to exist, you cannot sell the Option to mitigate the amount you will have lost by paying the Premium.

8 ORDERS

8.1 What is an Order?

You may enter into an agreement with OzForex whereby your Spot Contract or Forward Contract becomes binding only when a certain exchange rate ("Target Rate") nominated by you is reached. You are able to amend or cancel your Instructions by telephone at any time before the Target Rate is reached. However, once the Target Rate is reached and the Order is filled by OzForex, you are bound to settle the transaction in accordance with the terms of the relevant Spot or Forward Contract you wish to enter into at the Target Rate (Please see Parts 5 and 6 of this PDS for a discussion of Spot Contracts and Forward Contracts).

8.2 Terms of Orders

The key terms of an Order may be summarised as follows:

- **Legally Binding** - An Order will become binding as and from the time that your Instructions are received by us. You may cancel an Order at any time before the Target Rate is reached by giving us notice by telephone. You may not cancel an Order after the Target Rate has been reached, whether or not we have notified you that the Target Rate has been reached. When the Target Rate is triggered, we will notify you and upon such notification, you will be legally bound by the transaction.
- **Target Rate** - The Target Rate will be deemed to have been reached only when the exchange rate nominated in your Order has been filled with our provider. This will occur when the rate you have nominated has been exceeded by an amount that includes our Margin. You may find that, in some cases, the exchange rate spikes with the result that the exchange rate you have nominated in your Order has been reached but has changed before we are able to fill the Order with our provider; for the avoidance of doubt, we will not fill your Order in those circumstances.
- **Payment** - As soon as you receive our notification that the Target Rate has been reached, you must take action to ensure that the funds reach our account by the Delivery Date. If we do not receive the funds in time, we reserve our right to Close Out the transaction.

All of the other considerations in terms of fees and risks should also be considered.

9 SIGNIFICANT BENEFITS OF USING OZFOREX'S SERVICE

OzForex's trading platform offers:

- real-time pricing, which can be accessed simply by logging in and requesting a live (and dealable) exchange rate;
- immediate access to a trading platform 24-hours a day Monday to Friday;
- competitive exchange rates (see section 3.3 of this PDS, above);
- accurate transaction records with your personal deal history accessible at any time simply by using your personal login on our website;
- access to market research; and
- visibility to wholesale pricing and a completely transparent service which will allow you to compare our rates against wholesale rates and against your bank's rates.

10 OTHER SIGNIFICANT RISKS OF USING OZFOREX'S SERVICE

Regardless of whether you purchase a Spot Contract, Forward Contract or an Option, there are risks you must consider before you enter into any transaction with OzForex.

10.1 Credit Risk

Credit risk is the risk that we will become insolvent and become unable to perform our contractual obligations to you (ie: remit the agreed amount of foreign currency to your Beneficiary Account at the agreed time). When you enter into a transaction with us, you are reliant on our ability to meet our obligations to you on the terms of each transaction, so you are taking a risk in relation to our solvency. For further details as to the nature and extent of this risk, please see section 3.7 above.

10.2 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed technological systems, internal processes or external events.

We employ the latest and most sophisticated technological security measures, including SSL 128 bit encryption for all data transfers over the internet. We also have in place physical risk reduction processes and procedures, such as locked filing cabinets and restricted access to offices and strategic risk reduction processes such as security clearances and limiting access to a "need-to-know" basis. However, there are significant risks associated with using and relying on a web-based, electronic trading platform. Such risks include, but are not limited to, risks related to the use of software and/or telecommunications systems such as software errors and bugs, delays in telecommunications systems, interrupted service, data supply errors, faults or inaccuracies and security breaches.

While we will use all reasonable efforts to ensure uninterrupted access to the website at all times, we cannot guarantee that such access will never be interrupted as a result of technical or other unforeseen problems as these are matters largely outside our control. We therefore reserve the right to suspend or terminate access to the website at any time and without prior notice and we can't accept any liability for any loss caused by lack of access to our system or for any errors in the software and/or related information systems.

There are important provisions relating to the use of the trading platforms on our website in our Website Use Agreement and in our Client Agreement. **You must ensure that you fully understand these provisions and the risks involved in relying on an on-line,**

electronic trading system and the limitations in the service that OzForex can provide in relation to the trading platforms.

10.3 Discretionary Powers of OzForex

We have a number of discretionary powers which may affect your trading activities, including the right to Close Out your transaction/s without prior notice to you. We refer you to the Client Agreement which sets out these powers and suggest that you should fully understand them before entering into a transaction. You should understand that we may refuse to enter into a transaction, or Close Out any open transactions, without notice, in circumstances such as the following:

- if you fail to make any payment when it is due, including the payment of any Advance Payment that has been requested by us;
- if you fail to provide any material information we have requested or any information you have given us is or becomes, in our opinion, materially inaccurate or misleading;
- in the event of your death or loss of mental capacity;
- if bankruptcy or winding up proceedings are commenced against you;
- if the performance of our obligations under this PDS becomes illegal;
- if a serious dispute has arisen between us; or
- if you breach an important term of our Client Agreement or of any transaction.

You should be aware that we may be obliged to freeze or block your account if information comes to our attention that leads us to believe that it is being used in connection with money laundering or terrorist financing activities or if we are directed to do so by a regulatory authority. If this occurs, we will not be liable to you for any consequential losses whatsoever and you agree to indemnify us if we suffer loss as a result of action taken by a third party beneficiary arising from any such action we have taken in relation to your account. For further details on our process for collecting information, see section 2.4 of this PDS, above.

10.4 Foreign Exchange Risk

Once you have entered into a Spot Contract or a Forward Contract with us, you will have locked in an exchange rate, so your transaction will not be affected by subsequent exchange rate movements; you will be protected from adverse exchange rate movements and, equally, you will be precluded from benefitting from favourable exchange rate

movements. However, in deciding whether or not to enter into a Spot Contract or a Forward Contract, you need to appreciate the risk of not doing so.

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

11 APPLICABLE LAWS

11.1 Privacy

We are subject to privacy laws. By entering into a Client Agreement, you consent to us disclosing any of your Personal Information (as defined in the Privacy Act 1988 (Cth)) in accordance with our Privacy Policy which is available on our website at www.ozforex.com.au. Our Privacy Policy covers such matters as:

- (a) **Complaints** - If you have any enquiry or complaint about our Privacy Policy, you can contact our Compliance Officer at: privacy@ozforex.com.au.
- (b) **Access** - We will, upon request and within 10 days of any such request, allow you access to your Personal Information and the requested information shall be provided or made available in a form that is generally understandable.
- (c) **Accuracy and Currency** - In circumstances where you point out to us that any information held by us is inaccurate or incomplete, we will take appropriate action to amend the information as required and, if necessary, notify any third party of the correction.
- (d) **Collection of Information** - We will collect Personal Information only for the purpose of providing our services to you or for any purpose that is directly incidental to the provision of those services; if we wish to use your Personal Information for any other purpose, we will identify such purpose and obtain your consent before doing so, unless the new purpose is required by law.
- (e) **Disclosure** - There may be circumstances in which OzForex is obliged to disclose certain Personal Information without your consent. Such circumstances include:
 - (i) a serious and imminent threat to someone's life, health or safety;
 - (ii) a serious threat to public health or public safety;

- (iii) unlawful activity has been, is being or may be, engaged in;
- (iv) disclosure is required or authorised by law; or
- (v) we reasonably believe that the use or disclosure is necessary for the prevention, detection, investigation, prosecution or punishment of a criminal offence or is related to money laundering or terrorist financing activities.

11.2 AML/CTF

By entering into the Client Agreement, you undertake that you will not knowingly do anything to put us in breach of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the associated rules and regulations ("AML/CTF Laws"). You undertake to notify us if you are aware of anything that would put us in breach of the AML/CTF Laws. We are required to comply with these laws, including the need to establish your identity (and, if relevant, the identity of other persons associated with your account). Instructions for completion of the identification process are included in the Client Agreement that you will need to complete.

Additionally, from time to time, we may require further information to assist with this process. We may be required to report information about you, or provided by you, to the relevant authorities. Generally speaking, we will be prohibited from telling you when this occurs.

You undertake that you are not aware and have no reason to suspect that:

- (a) the money you are intending to transfer is derived from or related to the proceeds of crime, money laundering, terrorism financing, tax evasion or similar activities ("Illegal Activities"); or
- (b) the funds you are transferring will fund Illegal Activities.

In certain circumstances, we may not be able to transact with you or other persons associated with your account and may be obliged to delay processing a transaction, block or freeze an account where used in connection with Illegal Activities or suspected Illegal Activities. If this occurs, we are not liable to you for any consequences or losses whatsoever and you agree to indemnify us if we are found liable to a third party in connection with the freezing or blocking of your account.

12 TAX IMPLICATIONS

12.1 Independent Tax Advice

There may be tax implications associated with any transaction you enter into with us and the relevant tax rules or their interpretation may change from time to time. If there

are any tax considerations, they are likely to arise from the nature or purpose of the relevant transfer of funds, rather from the fact of the transfer itself, and will therefore be different for everybody. You are therefore encouraged to seek professional tax advice prior to entering into any transaction with us.

12.2 GST

GST is not payable on the Fees we charge.

13 DISPUTE RESOLUTION PROCESS

13.1 Internal Complaints Procedure

We have an internal dispute resolution process in place to resolve any complaints you may have quickly and fairly. All complaints should be directed to our Compliance Officer who will seek to resolve your complaint within seven (7) days.

13.2 Financial Ombudsman's Office

If, after 45 days, you are dissatisfied with the outcome of our internal procedure, you have the right to complain to the Financial Ombudsman's Service who may be contacted on **1300 780 808**. This is an external dispute resolution scheme. You may also make a complaint via the ASIC free call Infoline on **1300 300 630**.

14 CHANGES TO PDS

14.1 Notification of Changes

Some of the information in this PDS may change from time to time. If any of the changes are materially adverse to the information in this document, we will issue a supplementary or replacement PDS. If the changes are not materially adverse to the information in this PDS, we will post the information on our website at ozforex.com.au and you may request, free of charge, a paper copy of any information updated in this manner.

15 DEFINITIONS

Advance Payment means a part payment of the final amount due on settlement in such sum as OzForex deems necessary to cover its Settlement Risk.

AUD means Australian Dollar.

Beneficiary Account means the bank account nominated by you to which we send your funds, which

could be an account in your name or an account of a third party such as a supplier or service provider.

Client Agreement means the agreements entitled Individual Client Agreement or Corporate Client Agreement, which are umbrella agreements that we will ask you to enter into before we begin transacting with you, and shall include any addendum to such agreements.

Close Out means cancelling the transaction and selling back the currency we have bought for you when you entered into the transaction.

Currency Pair means the two currencies that are the subject of the transaction.

Delivery means payment to us of the full amount of the currency you are exchanging.

Exercise means exercising the rights under the Option.

Expiry Date means the date on which the Option must be exercised, failing which it automatically expires and ceases to be exercisable.

Fees means all fees, costs and charges associated with your transaction, which are set out in more detail in sections 3.6, 5.5, 6.8 and 7.10 of this PDS.

Forward Contract means an agreement where one currency is sold or bought against another currency at an agreed exchange rate for settlement on a specified date in the future.

Forward Points means the amount by which a Forward Rate varies from the Spot Rate as a result of the differential in interest rates between the countries of the Currency Pair.

Forward Rate means the Spot Rate adjusted to a future date having regard primarily to the interest rates prevailing in the two countries in the Currency Pair.

Hedge means activity initiated in order to mitigate or reduce economic exposure to adverse price or currency movements, by taking a related offsetting or mitigating position, such as a Forward Contract or an Option.

Instructions means a request made by you to enter into a transaction.

Interbank Spot Rate means the wholesale Spot Rate that we receive from the foreign exchange interbank market, being a preferential rate given to organisations conducting large and frequent transactions.

Margin means the difference between the exchange rate we pay our provider, which we access through the wholesale foreign exchange market, and the rate that we quote to you.

Maturity Date means the agreed Settlement Date which may be brought forward or extended by OzForex at its discretion.

Option means an agreement that affords the right but not the obligation to enter into a foreign exchange transaction at an agreed exchange rate on an agreed date on the terms set out in our Client Agreement.

Option Confirmation means the written confirmation that we will send you when you purchase an Option which sets out all of the relevant details of the Option.

PDS means Product Disclosure Statement.

Premium is the Option fee payable.

Privacy Policy means the privacy policy on our website at www.ozforex.com.au.

Regular Money Transfer means an instruction to make payments on a weekly, monthly or quarterly basis up to 12 months in advance either by way of a series of Spot Contracts or by way of a series of Forward Contracts.

Settlement Date means the date on which the funds that are being exchanged must be received by us.

Settlement Risk means the risk we assume that you fail to settle a transaction in accordance with its terms and that a loss will be realised by us as a consequence of exchange rate fluctuations.

Spot refers to a foreign exchange contract that must be settled within 2 days (48 hours), sometimes referred to as T+2.

Spot Contract means an agreement to exchange one currency for another at an agreed exchange rate within 2 days of the transaction being booked.

Spot Rate means the exchange rate for settlement within 2 business days from the date the transaction was booked.

Strike Rate is the agreed exchange rate for the foreign exchange transaction that is the subject of the Option.

Term means the period of time between the Trade Date and the Expiry Date.

Trade Date is the date you enter into an agreement to purchase an Option.

Transaction Fee means a fixed fee charged on smaller transactions to cover administrative costs.

USD means United States Dollar.

Value Today refers to a foreign exchange contract that must be settled on the day it is entered into.

Value Tomorrow refers to a foreign exchange contract that must be settled on the day after it is entered into.

We or Us means OzForex Pty Ltd (ACN: 092 375 703).