Online

BBY Online Trader PDS

JUNE 2013

bby.com.au

ISSUER: BBY LIMITED
ABN 80 006 707 777 AFSL 238095

1.1 This PDS

This Product Disclosure Statement (**PDS**) is dated June 2013 and was prepared by BBY Limited ABN 80 006 707 777; AFSL 238 095 (**BBY**), as the issuer of over-the-counter ("**OTC**") financial products ("**BBY Contracts**") referred to in this PDS. This PDS will have effect from the day that you become a client of BBY and begin to trade the BBY Contracts described in this PDS.

The BBY Contracts described in this PDS.

1.2 The BBY Contracts consist of a range of different OTC products including:

- Equity contracts (which are a synthetic equity product)
- CFDs
- Options (which are contract options over indices)
- Futures and commodities; and
- Foreign exchange and metal products.

This PDS does not cover any exchange traded financial products.

All financial products traded on BBY Online Trader are derivative products issued by BBY and are not exchange traded products.

This PDS describes the key features of BBY Contracts, their benefits, risks, the costs and fees of trading in BBY Contracts and other related information. BBY Contracts are sophisticated financial products so you should read this PDS and the Account Terms in full before making any decision to invest in them.

In particular, please read the Key Information in Section 2 and the Significant Risks in Section 4.

This PDS is designed to help you decide whether the BBY Contracts described in this PDS are appropriate for you. You may also use this PDS to compare these financial products with similar financial products (e.g., CFDs) offered by other issuers.

Some expressions used in this PDS have definitions given in the Glossary at the end of this PDS (see Section 7).

ASIC Disclosure Benchmarks

1.3 ASIC has developed seven disclosure benchmarks for OTC CFDs and margin foreign exchange products that can help retail investors understand the risks associated with these products, assess their potential benefits and decide whether investment or trading in these types of products is suitable for them.

More information about the disclosure benchmarks can be found in ASIC Regulatory Guide RG227.

This table sets out which benchmarks we meet and refers to related disclosure information which describes how we meet the benchmarks.

Disclosure Benchmark	Meet the Benchmark?	PDS references and notes
1. Client Qualification	Yes	BBY assesses each client's suitability to trade in CFDs and other BBY Contracts such as margin foreign exchange trading by requiring each client to pass a questionnaire. If after an initial assessment by BBY you are deemed unsuitable to trade in these products, we will not open an account for you at that time. You will need to gain a better understanding of this type of financial product by reading this PDS or other educational material and then be re-assessed for suitability before we can open an account for you. Please refer to section 1.6 of this PDS for more information.
2. Opening Collateral	No	This benchmark states that BBY should only accept cash as opening collateral, and should not accept credit card payments in excess of $1,000 or accept assets other than cash (such as securities) as opening collateral. While BBY does not accept credit card payments, BBY will allow you to provide initial margin other than cash, such as securities. BBY allows this to give clients greater flexibility in the way they can provide margin. There are extra risks associated with allowing BBY to accept margin in a form other than cash from you, such as the risk that your securities could be sold to fund your account or payback your debts. Please see section 3.2 of this PDS for more information.

Disclosure Benchmark	Meet the Benchmark?	PDS references and notes
3. Counterparty Risk – Hedging	Yes	BBY manages its exposure to market risk by hedging client positions with its hedge counterparty. BBY selects its counterparty for each trading platform in accordance with its counterparty selection policy. This includes a due diligence process before entering into an agreement with a counterparty and on-going review of counterparty suitability. As an example of how this policy applies, BBY has selected Saxo Bank A/S (Saxo); AFSL 277527; ARBN 109 605 610 as its counterparty for BBY Contracts trading. Saxo is an international investment bank specialising in online trading and investment across global financial markets. More information about this can be found at section 3.19 of this PDS and on BBY's website.
4. Counterparty risk – Financial resources	Yes	BBY maintains the necessary financial resources to provide the financial services described in this PDS at all times. BBY, as a Market, Clearing and Settlement Participant of ASX and Chi-X markets, must comply with the capital requirements of those markets rather than ASIC's capital requirements. The capital requirements for those markets are more robust than those required by ASIC for non-participant licensees. BBY also conducts semi-annual stress testing of OTC client positions to ensure that BBY has the capability to meet counterparty obligations in stressed market conditions.
5. Client Money	Yes	BBY manages client money in accordance with the Corporations Act and the Account Terms. Moneys paid by you to BBY for BBY Contracts are initially deposited into a statutory client moneys trust account maintained by BBY in accordance with section 981B of the Corporations Act. You should be aware that for client moneys trust accounts individual clients do not have separate or segregated accounts – all clients' moneys are combined into one account. BBY is permitted by law to use client moneys in the statutory client moneys trust account to meet obligations incurred by BBY in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives (not just BBY Contracts) by BBY, including dealings on behalf of people other than the client whose moneys were deposited into the BBY Trust Account. Once your money is deposited into the statutory client moneys trust account BBY's policy is that it will immediately withdraw from this account all of your money which you have deposited there and pay it as Margin to BBY for your BBY Contracts. This will allow for your Trading Account to be credited in order for you to trade in the BBY Contracts. There are risks associated with this process, including the fact that once withdrawn from the statutory client moneys trust account your funds are no longer held on trust for you in accordance with the Corporations Act and you become an unsecured creditor of BBY in relation to your funds. Please refer to section 3.9 of this PDS, "Payments and Client Moneys" for more information about how BBY handles your money.
6. Suspended or halted underlying assets	Yes	When the underlying asset over which your BBY Contract is written becomes suspended ie a security is in trading halt or is suspended from trading in accordance with the rules of the relevant market, BBY may need to adjust the pricing of your contract to reflect this. In addition to this, BBY will not allow new OTC positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended. Refer to section 4.2 Market Risk and various other sections throughout the PDS.
7. Margin Calls	Yes	Please refer to the sections headed Margin Call Payments and Margin Policy under section 3.9 B.

1.4 Your Liability

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

1.5 BBY does not give personal advice

BBY will not give you personal financial advice. This PDS does not constitute a recommendation or opinion that BBY Contracts are appropriate for you.

Potential investors should be experienced in futures derivatives and understand and accept the risks of investing in BBY Contracts. The information in this PDS is general only and does not take into account your personal objectives, financial situation and needs. This PDS does not constitute advice to you on whether BBY Contracts are appropriate for you. This PDS describes the BBY Contracts which are issued to you in accordance with the Account Terms. You should read all of this PDS and the Account Terms before making a decision to deal in financial products covered by this PDS. We recommend that you contact us if you have any questions arising from this PDS or the Account Terms prior to entering into any Transactions with us. BBY recommends that you consult your advisor or obtain independent advice before trading.

1.6 Your Suitability to Trade BBY CFDs and/or FX and Metal Products

We are required to assess your suitability to trade in BBY CFDs and/or FX and Metal Products before we open an account for you. We do this by assessing your understanding of OTC derivative products and of concepts such as leverage, margin and volatility. If after an initial assessment by BBY you are deemed unsuitable to trade in BBY CFDs and/or FX and Metal Products, we will not open an account for you at that time. You will need to gain a better understanding of this type of financial product by reading this PDS or other educational material and then be re-assessed for suitability before we can open an account for you.

If we ask you for your personal information to assess your suitability to trade BBY CFDs and/or FX and Metal Products and we accept your application to trade BBY CFDs and/or FX and Metal Products, this is not personal advice or any other advice to you. You must not rely on our assessment of your suitability since it is based on the information you provide and the assessment is only for our purposes of deciding whether to open an Account for you and is separate from your decision to trade BBY CFDs and/or FX and Metal Products. To the extent permitted by law we do not accept liability for your choice to invest in any BBY Contracts so you should read all of this PDS carefully, consider your own needs and objectives for investing in BBY Contracts and take independent advice as you see fit. You remain solely responsible for your own assessments of the features and risks and seeking your own advice on whether these BBY Contracts or any particular products are suitable for you.

1.7 Currency of PDS

The information in this PDS is up to date at the time it was prepared but is subject to change at any time. Any updates will be posted on our website (www.bby.com.au). A copy of this PDS and the Account Terms can be downloaded from the website or you can call BBY to request that a paper copy of them be provided to you free of charge. If the new information is information which is materially adverse to you, we will issue either a new PDS or a supplementary PDS containing the new information. If the new information is not materially adverse to you, you will be able to find updated information on our website (at www.bby.com.au) or by calling us using the contact details given in the Directory in this document. If you ask us, we will send you without charge a paper copy of the information.

1.8 Contact

BBY can be contacted at:

Level 17
60 Margaret St
SYDNEY, NSW 2000

Telephone: 1 800 551 212

or via our website at www.bby.com.au.

1.9 **Key Features of BBY Contracts**

- BBY Contracts are sophisticated, high-risk, over-the-counter derivatives issued by BBY. They are not exchange-traded.
- They are for investing indirectly in a range of Exchange traded securities, indices, futures contracts, commodities and other financial products or assets around the world without having to actually own the Underlying Security, product or asset.
- You must fund your Account with BBY before any BBY Contracts may be issued to you. You do this by paying at least the Initial Margin (plus other Fees and Charges detailed in Section 5).
- You remain liable to pay later Margins and to maintain the required amount of Margin. If you do not maintain the required Margin or you do not pay the required Margin call by the required time, your BBY Contracts can be Closed Out and you remain liable to pay for any remaining shortfall (for more information see the later Section dealing with Margin).
- Unlike financial products traded on an exchange, OTC products are in many cases not standardised. The terms of a BBY Contract are individually tailored to the particular requirements of the parties involved in the contract i.e., BBY and the Client.
- In the case of Share CFDs, you have no right or obligation to acquire the Underlying Security itself. This is unlike trading in the Underlying Security where you acquire a beneficial interest in the actual share. For more information on this, refer to the comparison table in the CFD product section highlighting the differences between CFDs and acquiring the Underlying Security.
- Other than for BBY Equity Contracts, there is leverage in the BBY Contracts because you pay to BBY only Margin, not the full value. All payments to BBY are paid as Margin, therefore the more Margin you pay, the less leverage you have.

1.10 Key Benefits of BBY Contracts

- **Ability to use BBY Contracts to hedge – You can use BBY Contracts to hedge your exposure to the Underlying Security.**
- **Ability to use BBY Contracts to speculate – You can use BBY Contracts for speculation, with a view to profiting from market fluctuations in the Underlying Security or other asset. You may (for example) take a view of a particular Underlying Security and therefore invest in BBY Contracts according to this belief in anticipation of making a profit. BBY Contracts enable you to take a position with an exposure to a particular Underlying Security without needing to buy or sell the actual Underlying Security.**

  Profit potential in both rising and falling markets – Since the prices in the Underlying Securities are open to movement during opening hours of the relevant Exchange, there are almost always trading opportunities, whether a particular Underlying Security's price is increasing or decreasing. There is the potential for profit (and loss) in both rising and falling markets depending on the strategy you employ.

- Online Platform -They are traded on BBY's online trading platform (BBY Online Trader) which gives ease of access to indirect investments in a very large number of securities, products and assets traded on Exchanges around the world instead of you having a number of different broker accounts and custody arrangements.
- **Leverage -** The use of BBY Contracts (other than BBY Equity Contracts) involve a high degree of leverage. BBY Contracts enable a user to outlay a relatively small amount (in the form of the Initial Margin) to secure an exposure to the Underlying Security without having to pay the full price of, for example, holding the Underlying Security and still potentially benefit from a price move.

  Accordingly, leverage gives the user the ability to take a greater level of risk for a smaller initial outlay, thus amplifying the potential risks and rewards. However, you need to fully understand that leverage also increases risks and can magnify losses – see Section 4 – Significant Risks and, in particular, the paragraph entitled "loss from Leverage".
- They give **Ease of access** to indirect investment in a very large number of securities or indices, futures, foreign exchange and commodities contracts traded on Exchanges around the world.
- They give potential to tailored your investment to meet your specific circumstances and needs for example, potentially in smaller amounts in contrast with minimum transaction sizes based on dollar values imposed by the rules of Exchanges.

1.11 **Key Risks of BBY Contracts**

These are the key risks of investing in BBY Contracts. For a description of all of the significant risks, please see Section 4.

- **Leverage** – BBY Contracts (other than BBY Equity Contracts) are leveraged when the amount you pay (Margin) to BBY is less than the full face value of the underlying investment.

  You should be prepared for the greater risks from this kind of leveraged investment, including being liable to pay BBY more Margin and those Margin requirements changing rapidly in response to changes in the market for the Underlying Securities.
- **Loss of your moneys – and other assets (such as securities lodged as collateral)** – Your potential losses on (long or short) BBY Contracts may exceed the amounts you pay (as Margin) for your BBY Contracts or amounts we hold on trust for you or in the Protection Trust Bank Account. You can also lose any non-cash assets you lodge with the platform as Account Value.
- **Unlimited loss** – Your potential loss on short BBY Contracts may be unlimited – more than the amount you pay BBY for them.
- **Limited recourse** – BBY limits its liability to you under the terms of the BBY Contracts by the extent to which BBY actually recovers against its Hedge Counterparties and allocates that to your BBY Contracts. This key risk is linked to "counterparty risk". Both limited recourse risk and counterparty risk are further explained in Section 3 under "Your Counterparty Risk on BBY".
- **Trust moneys are withdrawn to pay for your BBY Contracts** – moneys which you pay into the BBY Trust Account are not kept there but are withdrawn to pay BBY for your BBY Contracts, even if you pay more than the minimum Margin required. The moneys are withdrawn as payments to BBY, so they are not held on trust for you and you lose the benefits of holding those moneys in the BBY Trust Account (which has strict rules around segregation of client assets from BBY assets, when and to whom withdrawals can be made, and strict reconciliation requirements). However the Protection Trust bank Account does not have the same strict rules as the BBY Trust Account, and it might be more difficult for an administrator to recognise the protection Trust Bank Account as a trust account when compared to the BBY Trust Account.
- **Margining** – You are liable to pay Margin before the BBY Contracts are issued and you may be required to pay more Margin before the BBY Contracts are Closed Out. Margin requirements can change rapidly. If you do not meet Margin requirements, including at little or no notice, all of your BBY Contracts may be Closed Out without notice to you.
- **Foreign Exchange** – BBY Contracts denominated in foreign currency can expose you to rapid, significant and large changes to the value of your Trading Account.
- **Counterparty risk** – you have the risk that BBY will not meet its obligations to you under the BBY Contracts. BBY Contracts are not Exchange traded so you need to consider the credit and performance risk you have on BBY and the limited recourse arrangements. This is further explained in Section 3 under "Your Counterparty Risk on BBY".

SECTION 2 – BBY ONLINE TRADER: DIFFERENT TYPES OF PRODUCTS

Section 2 of this PDS gives you information about the different types of BBY Contracts you can trade or invest in on the BBY Online Trader Platform. You should read these sections carefully before trading in any particular BBY Contract product. For information on which BBY Contracts are currently available, please download a demonstration trading platform located on the BBY website www.bby.com.au or contact BBY. The available BBY Contracts may change at times due to Exchanges and markets which are available on the platform, market conditions, Exchange rules and any limits set by BBY.

2.1 BBY ONLINE TRADER EQUITY CONTRACTS

2.1.1 Nature of a BBY Equity Contract

A BBY Equity Contract is a sophisticated over-the-counter financial product which allows you to make a profit or loss from changes in the market price of the Underlying Security without actually owning that financial product or having any direct interest in the financial product.

BBY Equity Contracts are Non-margin products, which means that to acquire a BBY Equity Contract you have to invest an amount equal to the full Contract Value (plus other Fees and Charges detailed in Section 5). For example, in simple terms, if the Underlying Security is trading in the market at, say $2.00, then you must invest $2.00 in a BBY Equity Contract in respect of that Underlying Security.

Essentially, the amount of any realised profit or loss made on the BBY Equity Contract will be equal to the net of:

- the difference between the price of the BBY Equity Contracts when the Transaction is opened and the price of the BBY Equity Contracts when the Transaction is closed, multiplied by the number of BBY Equity Contracts traded;
- any adjustments made in respect of the BBY Equity Contract (e.g., for dividends); and

- any Transaction Fees payable in respect of the BBY Equity Contract and any other charges (for more information on Fees and Charges in respect of the BBY Equity Contract, see Section 5 of this PDS).

Even though your BBY Equity Contract might not incur any further Finance Charges after its initial acquisition (until it is Closed Out), your Account's Account Value will be affected by other amounts you must pay in respect of your Account such as Finance Charges on your Account and Trading Account and conversion costs (for more information on costs, fees and charges in respect of your Account, see Section 5 of this PDS).

All payments to BBY for the BBY Equity Contracts are paid as Margin for your Online Trader Account in the same way as you make payments for other products in your BBY Online Trader Account. The only difference in your payment is that the required Margin is the full Contract Value, not some percentage of it.

You can only take a "long" BBY Equity Contract position. If you take a long position, you profit from a rise in the Underlying Security, and you lose if the price of the Underlying Security falls.

Unlike direct investments made by trading on an Exchange, BBY Equity Contracts are not standardised across the industry. The terms of BBY Equity Contracts are based on the Account Terms with BBY, which apply to your Trading Account(s) and your BBY Equity Contract Transactions.

BBY Equity Contracts, as with other over-the-counter products, do not give you any beneficial interest in the Underlying Security nor any right to acquire the Underlying Security. This is different from direct trading in the Underlying Security where you acquire a beneficial interest in the actual financial product and may have the product registered in your name under a HIN. As the holder of a BBY Equity Contract, the Underlying Security will not be registered in your name under a HIN or held beneficially by a custodian for you.

BBY Equity Contracts derive their price from the fluctuations of the price of the Underlying Security on the relevant Exchange or market.

Prices are only quoted for BBY Equity Contracts and can only be traded during the open market hours of the relevant Exchange on which the Underlying Security is traded or within any more limited hours set by BBY from time to time.

Open hours and the action that can be taken in relation to Orders within the different market trading phases of the relevant Exchanges are available by viewing the relevant Exchange website. For example the BBY Equity Contracts can participate in the trading phases relating to the Underlying Security traded on the ASX. This includes the pre-opening phase, pre-closing single price auction and the post-closing single price auction.

In addition, BBY might not quote for a BBY Equity Contract for a particular Underlying Security if that Underlying Security is illiquid or is in suspension (for more information on potential external disruptions see Section 4 of this PDS). Furthermore, BBY might not quote BBY Equity Contracts in a company which becomes externally administered.

BBY Equity Contracts allow you to receive many of the benefits of owning the Underlying Security on which the BBY Equity Contract is based without physically owning it (for more information on benefits of trading in BBY Equity Contracts see Section 2.2 of this PDS).

The pricing of BBY Equity Contracts is based on the price of the Underlying Security. For example, if you wanted to buy a BBY Equity Contract and the price of the Underlying Security was quoted as 25.70/25.71 then the BBY Equity Contracts would also be quoted as 25.70/25.71.

2.1.2 Key Benefits of BBY Equity Contracts

In addition to the key benefits of all BBY Contracts described at the start of this PDS, an additional benefit of BBY Equity Contracts is that some of the value of the BBY Equity Contract (usually shown as a percentage) may be available to be counted as Margin Cover and so contributes towards meeting your Margin requirements arising from the Margin Products traded on BBY Online Trader. This is referred to as Cash Margin (see definition in the Glossary in Section 7).

2.1.3 Specific risks for BBY Equity Contracts

These are specific risks of investing in BBY Equity Contracts which are in addition to the risks described at the start of this PDS and in more detail in section 4. For a description of all of the significant risks, please see Section 4.

KEY RISKS	IMPORTANT ISSUES
Margin risk:	• Although your BBY Equity Contracts will not generate additional Margin risk after they are paid in full, if your BBY Equity Contract is used as Cash Margin towards the Margin requirements of your BBY Margin Products, then the value of your BBY Equity Contracts can impact on the margining of your BBY Online Trader Account and they will be liable to being Closed Out if you do not meet your Margin requirements on all of your BBY Online Trader Account. This gives you the key benefit of a multi-product trading platform where margin is calculated across the entire account, and for that benefit it must also make each BBY Online Trader Product subject to margining on the entire Account. Therefore if you do not maintain the required Margin Cover or you do not pay the required Margin by the required time, any or all of your BBY Online Trader Products including your BBY Equity Contracts can be Closed Out and you remain liable to pay for any remaining shortfall (for more information see the later Section dealing with Margin).
Loss of ownership of Securities transferred onto the BBY Online Trader platform	• If you transfer Securities onto the BBY Online Trader platform to support your BBY Equity Contract positions, you no longer have a legal or beneficial interest in those financial products that you transfer and there is no guarantee you can receive equivalent financial products back at a later stage. • You become an unsecured creditor of BBY for the BBY Equity Contract in exactly the same circumstances as though you had paid cash for the Margin.

2.1.4 Comparison

This summary table compares the BBY Equity Contracts offered by this PDS with direct investments into equities. As a summary, it cannot cover all features, risks and terms of all the financial products and services. Therefore, in addition to this summary, you should ensure that you read the whole of this PDS in full.

Feature	BBY Equity Contracts	Direct Equities Investments (no leverage)
Beneficial interest in Underlying Security	Holder of a BBY Equity Contract has no beneficial interest in Underlying Security and does not have a HIN allocated to them. Underlying Securities are not registered in the holder's name.	Investor has beneficial interest and may have the product registered in their name through a HIN or held beneficially by a custodian.
Dividends and distributions	Holder has no right to dividends or distributions, though adjustments are made to the Trading Account in respect of the gross cash value of them; generally on the Pay Date.	Investor has entitlement to available dividends and distributions, typically paid some days after the ex-date for the Underlying Security.
Dividend imputation credits	Holder has no right to dividend imputation credits. Ordinarily no adjustment is made for this.	Investor has entitlement to available dividend imputation credits.
Shareholder benefits (e.g, voting, participation in corporate actions, receiving company reports or purchase plans or shareholder discounts).	Holder has no right to shareholder benefits or plans or to direct BBY to act in respect of them; BBY may make adjustments in its discretion to BBY Equity Contract to reflect corporate actions.	Investor has entitlements (subject to custodian's rules) and must manage responses to them.
Rights as a Client of an Exchange-regulated equities broker.	Investor has no rights under Exchange rules; all rights come from BBY Equity Contract.	Investor has rights imposed by rules of Exchange.
Price	Price of BBY Equity Contract changes according to market price of Underlying Security (except in extreme cases of market disruption, when it may be set by BBY).	Price of direct equity changes according to market.
Further Margining	No further Margining (unless Underlying Security is a partly paid security).	No Margining.
Short positions	No short positions possible – all are 100% long positions.	Direct investment is a 100% long position. Short positions may be possible with separately arranged securities lending.
Custody	Holder has a BBY Equity Contract; but no interest in Underlying Securities or any Margin paid to BBY.	Equities held in custody according to investor's wishes (could be direct or indirect).
Recourse	Holder is unsecured creditor of BBY limited by BBY's recourse against Hedge Counterparty (for further information see Section 3).	No need for recourse except risk of custodian default or broker fraud.
Trading	By on-line trading system or telephone.	As permitted by broker.
Finance Charges	No Finance Charge (unless payment is due for a BBY Equity Contact in respect of a partly paid security - for further information see Section 5).	None.

2.1.5 BBY Equity Contracts – Cash Dividends

If you hold a long BBY Equity Contract, your Account will be credited with an amount up to the gross unfranked dividend on the relevant number of the BBY Equity Contract's Underlying Securities on the Pay Date. The amount of adjustment for the gross unfranked dividend might not always be for the full amount of the gross unfranked dividend and the actual amount of the adjustment for BBY Equity Contracts always depends on arrangements made by others outside the control of BBY. BBY will make the adjustment for BBY Equity Contracts for the maximum amount available to BBY on hedge contracts corresponding with the BBY Equity Contracts.

Since BBY Equity Contracts are OTC financial products, the dividend imputation or other franking credits will not pass through to the holder of them. The dividend reports which are available online record the actual adjustment amount and the Underlying Security's dividend imputation or other franking credit component but we are not advising you to claim entitlement for the dividend imputation or other franking credit component and you should seek your own legal and tax advice regarding eligibility for that. We will try to assist you with whatever information you request to ascertain your eligibility and we can reasonably obtain but please remember that we are not able to assure you that we can obtain information from third parties outside our control. It is possible for your BBY Online Trader Account to be adjusted to give some value for the dividend imputation or other franking credit component but ordinarily that is not that case and always depends on arrangements made by others outside the control of BBY so you should not expect any adjustment in the Account Value for dividend imputation or other franking credits.

2.1.6 BBY Equity Contracts – Corporate Actions

If there is a corporate action by the company which issues the BBY Share CFD or Equity Contract's Underlying Security to which the BBY Contract relates, BBY may in its discretion make an adjustment to the terms of the BBY Contract in accordance with the terms of the Trading Account. For example, an adjustment will ordinarily be made for: subdivisions; consolidations; reclassifications of shares; bonus issues; other issues of shares for no consideration; in specie distributions; compulsory acquisitions under takeovers or schemes of arrangement or similar corporate actions; a corporate action event that has a dilutive or concentrative effect on the market value of the shares.

Corporate actions requiring an election

It is your obligation to monitor any corporate action events requiring a voluntary election and for you to take the appropriate action by the deadline date imposed by BBY which is usually different to the deadline date imposed by the issuer of the Underlying Security. BBY is not obliged to notify you about these corporate action events, though we may do so by via online trading platform, in a "pop-up" window when you log onto the platform, as a courtesy.

You can use the corporate action voluntary event module to view and to elect online all your corporate action events you would be eligible for depending on whether you have eligible BBY Contract positions in the company which issues the BBY Contract's Underlying Security. The corporate action voluntary event module will provide the main features of the voluntary corporate event including the BBY deadline date which is usually at least 48 hours prior to the Underlying Securities' corporate action deadline date (due to time required for processing the voluntary events).

Since BBY Contracts are OTC contracts in respect of the Underlying Security, your BBY Online Trader Account will be adjusted for the equivalent of any taxes or fees that occur in respect of the Underlying Security as a result of your election (or failure to make an election) on your BBY Contracts. These adjustments will be made as closely as possible to reflect the impact of the corporate action election, such as for tax withheld on distributions following mergers or schemes of arrangement, depending on the local laws affecting the Underlying Security. BBY cannot assure you in advance that the adjustments to your BBY Contracts will exactly correspond with the reported features of the corporate action, since that will depend on actions taken by the issuer of the Underlying Security at the time the corporate action is implemented.

The following corporate actions are typical of those which may require an election from you:

Right issue

If the Underlying Security carries rights to subscribe for securities, then your BBY Equity Contract will have a right which will have a corresponding economic adjustment to your BBY Equity Contracts as though you held the Underlying Security. Please remember that you do not have any beneficial interest in any Underlying Security so you are not exercising any rights in relation to them. If BBY has not received a response from you by the reply deadline date stipulated by BBY, BBY will if possible, adjust your BBY Equity Contract to correspond with making an election on the Underlying Security to sell the rights before they expire. If the Underlying Securities' rights are non-tradable, they will lapse and become worthless, so your BBY Equity Contract will have the corresponding outcome, namely, no adjustment. If your BBY Equity Contract is to be adjusted to correspond with a sale of rights on the Underlying Security, an amount corresponding with the proceeds of sale will be credited to your Account, less an adjustment for commission for the corresponding sale. The reason BBY follows this default action (if you do not make an election) is to minimise loss of value which would correspond with failure to sell rights attached to the Underlying Securities before the deadline to make an election under the corporate action.

Takeover and Tender Offers

Takeover and tender offers refer to elections to accept offers to have their securities (which are Underlying Securities for a BBY Equity Contract) bought by a person seeking to acquire them. Wherever possible, holders of BBY Equity Contracts will have the possibility of electing to make adjustments to their BBY Equity Contract corresponding with an election to participate in the takeover or tender offer for the BBY Equity Contract's Underlying Security.

Merger with election

For mergers, schemes of arrangement or similar corporate actions with the ability for holders of the Underlying Security to elect to participate, including if there is a choice of elections, wherever possible holders of BBY Equity Contracts will have the possibility of elections corresponding with the elections available to holders of the Underlying Security.

Dividend reinvestment – optional dividends

Issuers may offer their Underlying Security holders participation in plans and they typically set their own rules on participation in such plans. Depending on those rules and any other applicable laws and the extent that time and operational procedures reasonably allow, BBY will try to give holders of BBY Equity Contracts the possibility of electing to make adjustments to their BBY Equity Contract corresponding with an election they would have if they directly held the Underlying Security, to have their dividends reinvested and receive an equivalent number of BBY Equity Contracts and therefore to participate in such plans instead of receiving only cash dividends. If the election is possible but no election is made, then the default outcome is adjustment to the BBY Equity Contracts for the gross unfranked amount of the cash dividend.

Other Corporate actions

From time to time other kinds of corporate actions that do not come under the descriptions above may occur. BBY will handle such corporate actions in the best interest of Clients generally to the extent that time and operational procedures reasonably allow.

Adjustments

BBY has a discretion to determine the extent of the available elections for adjustments (voluntary or otherwise) and aims to place the parties substantially in the same economic position had they held the Underlying Security, allowing for rules and terms imposed by issuers, BBY's Hedge Counterparty and the different laws of countries which affect the adjustment.

Fractional adjustment of your BBY Equity Contract can arise as a result of a corporate action such as an entitlement calculation. For the following corporate actions BBY makes adjustments to the BBY Equity Contract for fractions whenever fraction adjustment is applicable:

- Share (or "stock") splits
- Share consolidations (also known as "reverse stock splits")
- optional elections for dividends on share/stock positions
- mergers.

A fractional share or stock is less than one full share or stock.

BBY Equity Contracts do not entitle you to direct BBY on how to exercise any voting rights in connection with the BBY Equity Contract's Underlying Security and certain corporate action benefits such as participation in shareholder purchase plans or discounts may be unavailable to you.

Clients should be aware that some Exchanges purge orders in securities that undergo corporate actions. This may affect your intended trading in BBY Equity Contracts in respect of those Underlying Securities because your orders for those BBY Equity Contracts will not be implemented if corresponding orders for the Underlying Securities are purged.

The table below outlines actions typically taken relating to the deletion of open Orders in the event of a corporate action. You should use this as a guide only and seek confirmation of any action for specific corporate actions your Account may be affected by. It is important that you realise that you are personally responsible for understanding and acting on the particular corporate action affecting your Open Positions, since BBY will not alert you to this or do it for you.

Event types:	Never delete orders	Always delete orders	Orders Potentially Deleted *
Tender offers	X		
Stock splits		X	
Reversed stock splits		X	
Bonus issues		X	
Mergers		X	
Spin offs		X	
Cash dividends			X
Stock dividends			X
Optional dividends			X
Rights issues			X

*All Orders for the BBY Equity Contract will be deleted if the change in market value is anticipated to be over 20% as a result of the corporate action.

2.1.7 No shareholder benefits

As a holder of a BBY Equity Contract you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct BBY to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

2.1.8 Transfers of Shares for a BBY Equity Contract

From time to time at BBY's discretion it may allow a Client to transfer to BBY shares or other financial products (i.e., Securities) corresponding with the Underlying Security for a BBY Equity Contract. Such transfers are complete legal and beneficial transfers of the Security in order to be treated as consideration for payment for issuance of BBY Equity Contracts whose Underlying Securities correspond with those Securities. The effect of payment by this transfer is that the Client did not need to pay cash to BBY and is issued with BBY Equity Contracts whose Underlying Securities correspond with those transferred Securities.

Upon transfer of those Securities, the Client has no right to those financial products, or interest in them or any right or claim to receive equivalent financial products – the Client is an unsecured creditor of BBY for the BBY Equity Contract in exactly the same circumstances as though the Client had paid cash for the Margin. The transfer of those Securities is likely to have taxation consequences for the Client so you should only transfer any such Securities to BBY after taking financial, legal and taxation advice on that transaction since BBY is not advising you, expressly or by implication, by this PDS or otherwise, on such transactions.

From time to time BBY may agree to a request from a Client to receive Securities corresponding with Underlying Securities for those BBY Equity Contracts. BBY will try to agree with the request but has the discretion not to agree to it or to partially fill the request. Ordinarily it will agree to the request subject to timing and operational requirements.

Transferring Securities to you (either to a HIN in your name with a broker or to a custodian of your choice) is an absolute transfer of the legal and beneficial rights to and interests in them, so it is also likely to have taxation consequences for you, so please consider the financial, legal and taxation aspects of such transfers before making the request.

A transfer of Securities to you will automatically lead to adjustments to your Account resulting in the BBY Equity Contracts Open Positions being Closed Out, even though this may not be reflected as a Close Out. Adjustments may be made to the number transferred if there have been corporate actions since the time you transferred the securities.

2.1.9 BBY Equity Contract Trading Example

Here is an example to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with BBY before entering into your Transaction.

Example 1: Buy BBY Equity Contract for XYZ Corporation Limited (XYZ)

An investor expects the price of XYZ to rally in the short term.

The price is currently at AUD$20. The investor wishes to invest A$10,000 plus costs in the BBY Equity Contract. If a Transaction Fee of 0.3% of the value of the Transaction is charged on the execution of each BBY Equity Contract Transaction, then an amount of A$30 will be charged on the total purchase cost of the BBY Equity Contracts.

Opening	BBY Equity Contracts
TRANSACTION	BUY 500 XYZ @ A$ 20
VALUE OF TRADE	AUD$ 10,000
TOTAL OF OUTLAY	AUD$ 10,000
TRANSACTION FEE	AUD$ 30 (0.3% x 10,000)

On day 12, company XYZ has its payment date for a dividend. Since the Client holds a long position in the BBY Equity Contract their Account will be credited with a cash balance adjustment to replicate the dividend.

Dividend Payment	BBY Equity Contract
TRANSACTION	Dividend payment of AUD$0.20 per share.
VALUE OF ADJUSTMENT	AUD$ 100

After 14 days, the BBY Equity Contract has rallied to AUD$22 and the Client decides to liquidate their position.

Closing	BBY Equity Contract
TRANSACTION	SELL 500 XYZ @ A$22
SALES REVENUE	AUD$ 11,000
GROSS PROFIT	AUD$ 1,000 (excluding adjustment for dividend payment)
FINANCE CHARGE	AUD$ 0
TRANSACTION FEE	AUD$ 33 (0.3% x 11,000)
NET PROFIT (BEFORE TAX)	AUD$ 1,037 ($1,000 gross profit plus adjustment for $100 dividend minus transaction costs of AUD$30 and AUD$33).
NET PROFIT (BEFORE TAX) AS % OF INITIAL INVESTMENT	10.37%

Notes to all examples in this PDS:

1. The above example is to illustrate the impact of key variables on the outcome of a Transaction. It is not forecast or projection of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by BBY), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to Trading Conditions prior to trading.
5. Since this is a Non-margin product, although the payment is made for Margin, in the example and on BBY Online Trader the payment is reflected in the cash component of the Account Value (and not as a Margin requirement).

2.2 BBY ONLINE TRADER CFDs

2.2.1 Nature of a BBY CFD

A BBY CFD is a sophisticated over-the-counter financial product which allows you to make a profit or loss from changes in the market price of the CFD's Underlying Security (such as a share price or an index), without actually owning that financial product or having any direct interest in the financial product.

Essentially, the amount of any realised profit or loss made on the BBY CFD will be equal to the net of:

- The difference between the price of the BBY CFDs when the CFD is opened and the price of the BBY CFDs when the CFD is closed, multiplied by the number of CFDs traded;
- any adjustments made in respect of the BBY CFD (e.g., for dividends); and
- any Transaction Fees payable in respect of the BBY CFD; and Financing Charges and any other charges (for more information on Fees and Charges in respect of the BBY CFD, see Section 5 of this PDS).

Your Account Value will also be affected by other amounts you must pay in respect of your Account such as Finance Charges on your Account and Trading Account and Conversion Fee (for more information on Fees and Charges in respect of your Account, see Section 5 of this PDS).

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

As well as dealing in BBY Share CFDs on equities, you can also deal in BBY Share Index CFDs on many world indices. The same principle applies as with BBY Share CFDs. If you take a long position, you profit from a rise in the Underlying Security, and you lose if the price of the Underlying Security falls. Conversely, if you take a short position, you profit from a fall in the price of the Underlying Security and lose if the Underlying Security price rises. This can be useful if you want to follow a specific market trend rather than individual shares.

Unlike direct investments made by trading on an Exchange, BBY CFDs are not standardised. The terms of BBY CFDs are based on the Account Terms with BBY, which apply to your Trading Account(s) and your CFD Transactions.

BBY CFDs, as with other over-the-counter products, do not give you any beneficial interest in the Underlying Security nor any right to acquire the Underlying Security. This is different from direct trading in the Underlying Security where you acquire a beneficial interest in the actual financial product.

As the holder of a BBY CFD, you do not have a beneficial interest in the Underlying Security and you have none of the rights of a holder of that financial product.

2.2.2 Types of BBY CFDs

Share CFDs

Share CFDs derive their price from the fluctuations of the price of the Underlying Security on the relevant Exchange or market.

Prices are only quoted for Share CFDs and can only be traded during the open market hours of the relevant Exchange on which the Underlying Security is traded or within any more limited hours set by BBY from time to time.

Open hours of the relevant exchanges are available by viewing the relevant Exchange website. In addition, BBY might not quote for a CFD for a particular Underlying Security if that Underlying Security is illiquid or is in suspension (for more information on potential external disruptions see Section 4 of this PDS). Furthermore, BBY might not quote Share CFDs where the Share CFD is over shares in a company which becomes externally administered.

Share CFDs allow you to receive many of the benefits of owning the Underlying Security on which the CFD is based without physically owning it (for more information on benefits of trading in BBY CFDs see Section 2.2 of this PDS). BBY does not offer all Exchange-traded Australian and global stocks as Underlying Securities. However, typically there are thousands of Share CFDs offered by BBY from time to time. The available Share CFDs may change at times due to market conditions, Exchange rules and any limits set by BBY

The pricing of Share CFDs is based on the price of the Underlying Security. For example, if you bought Share CFDs and the price of the Underlying Security was quoted as 25.70/25.71 then the Share CFDs would have a price of $25.71/CFD.

Share Index CFDs

Share Index CFDs derive their price from the real time fluctuations in the value of the index which makes up the Underlying Security, as calculated by the relevant Exchange or index sponsor, as the case may be for each particular index or, if that is not available, BBY's determination of the index level.

Similar to Share CFDs prices are normally only quoted for Share Index CFDs and can only be traded during the open market hours of the relevant Exchange whose traded securities make up the Share Index CFD's Index (or within any more limited hours set from time to time by BBY). Open hours of the relevant Exchanges are available by viewing the relevant Exchange website.

Share Index CFDs allow you to trade anticipated market trends rather than individual shares. In addition, Margin requirements for Share Index CFDs typically are lower than for other CFDs.

Share Index CFDs are priced based on the number of units per index point of the underlying index. For example, if the S&P / ASX 200™ is valued at 3500 then trading 10 Share Index CFDs would mean the price of the trade was $35,000.

Commodity CFDs

Commodity CFDs are a way to access commodities markets, such as those for oil, grains, energy contracts, gold and other precious metals. CFD Commodities give traders and investors exposure to the underlying commodity (or their futures contracts) without physical delivery, with the trading features of a BBY CFD being a simple alternative to directly trading in the Underlying Futures Contract for those commodities.

All Commodity CFDs will be cash settled.

Instead of directly trading on the futures Exchanges – with sometimes prohibitive lot sizes and high collateral requirements – investors can access leveraged commodity trading with reduced initial investment through Commodity CFDs. For instance, the minimum Commodity CFD lot size of a US Crude Oil is 25 CFD contracts, that is 25 barrels of the underlying commodity, compared with the relevant Exchange's minimum futures contract trade size of 1 contract with 1,000 barrels of the underlying commodity.

While all Commodity CFDs are priced in single units, often a minimum trade size will apply. However, Clients are able to reduce an Open Position to below the minimum trade size. Should you be left with such a position, then it should be closed via the BBY Online Trader or by contacting your advisor.

2.2.3 Purpose of BBY CFDs

People who trade BBY CFDs may do so for a variety of reasons.

Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the BBY CFDs Underlying Security. For example, BBY CFD traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the BBY CFDs Underlying Security. BBY CFD traders may have no need to sell or purchase the Underlying Security themselves, but may instead be looking to profit from market movements in the securities concerned.

Others trade BBY CFDs to hedge their exposures to the BBY CFD's Underlying Security. For example, CFDs can be used as a risk management tool to enable those with existing holdings of securities to hedge their position by investing in BBY CFDs. For example an investor might hold a long term equity position in a stock. They have a negative short term view of the stock and believe the price of the stock will fall, but do not want to sell the equity as they think the long term prospects of the security are positive. The investor will look to sell a BBY CFD over the equity to 'profit' from the short term fall in price if it eventuates.

2.2.4 Comparison

This summary table compares the BBY Share CFDs offered by this PDS with direct investments into equities. As a summary, it cannot cover all features, risks and terms of all the financial products and services. Therefore, in addition to this summary, you should ensure that you read the whole of this PDS in full.

Feature	**BBY CFDs generally (less than 100% Initial Margin)**	**ASX Exchange-traded CFD (not tradeable through BBY Online)**	**Direct Equities Investments (no leverage)**
Beneficial interest in Underlying Security	Holder of a BBY CFD has no beneficial interest in Underlying Security.	Holder of CFD has no beneficial interest in Underlying Security but holders of ASX equity CFDs can convert their CFDs into stocks.	Investor has beneficial interest.
Dividends and distributions	Holder has no right to dividends or distributions, though adjustments are made to the Trading Account in respect of the gross cash value of them; generally on the Pay Date.	Holder has no right to dividends or distributions, though adjustments are made by Exchange (in respect of the gross cash value of them). ASX CFDs are intended to be adjusted for dividends on the ex-date (record date) for the Underlying Security.	Investor has entitlement to available dividends and distributions, typically paid some days after the ex-date for the Underlying Security.
Dividend imputation credits	Holder has no right to dividend imputation credits.	Holder has no right to dividend imputation credits but holders of long ASX CFD positions can receive a cashflow which represents the value of any applicable franking credit (but discounted by the percentage of open short ASX CFD positions held by the designated price makers in those CFDs) and holders of short ASX CFD positions bear an adjustment for the franking credit on the Underlying Security.	Investor has entitlement to available dividend imputation credits.

Feature	BBY CFDs generally (less than 100% Initial Margin)	ASX Exchange-traded CFD (not tradeable through BBY Online)	Direct Equities Investments (no leverage)
Shareholder benefits (e.g., voting, participation in corporate actions, receiving company reports or purchase plans or shareholder discounts).	Holder has no right to shareholder benefits or plans or to direct BBY to act in respect of them; BBY may make adjustments in its discretion to BBY CFD to reflect corporate actions.	Holder has no right to shareholder benefits or plans or to direct Exchange to act in respect of them; Exchange may make adjustments in its discretion to CFD to reflect corporate actions; Holder has no right to direct Exchange on any benefits attaching to Underlying Securities.	Investor has entitlements (subject to custodian's rules) and must manage responses to them.
Rights as a Client of an Exchange-regulated equities broker.	Investor has no rights under Exchange rules; all rights come from BBY CFD.	Investor has rights imposed by rules of Exchange.	Investor has rights imposed by rules of Exchange.
Price	Price of BBY CFD changes according to range of variables, including market price of Underlying Security (except in extreme cases of market disruption, when it may be set by BBY). Check indicative prices by consulting BBY or using BBY Online Trader.	Price of CFD changes according to market price of Underlying Security (except in extreme cases of market disruption). Track prices of ASX CFDs on the ASX website or from major information vendors.	Price of direct equity changes according to market.
Leverage	Usually leveraged, by investor paying upfront a Margin (Initial Margin) determined by BBY which is less than 100% of cost of Underlying Security.	Investor pays Margin upfront decided by Exchange.	No leverage. (leverage may be separately arranged through margin lending and similar products)
Further Margining	Further margining can occur	Further Margining can occur (paid to clearing agent).	No Margining.
Short positions	Short BBY CFDs possible, depending on availability and regulations.	Short CFDs possible, depending on availability and regulations.	Direct investment is a 100% long position. Short positions may be possible with separately arranged securities lending.
Custody	Holder has a BBY CFD; but no interest in Underlying Securities or any Margin paid to BBY.	Holder has CFD; but no interest in Underlying Securities. Investor has beneficial interest in any moneys paid into clearing agent's trust account for Margin but is at risk of those moneys being used for meeting other clients' margin requirements.	Equities held in custody according to investor's wishes (could be direct or indirect).
Recourse	Holder is unsecured creditor of BBY limited by BBY's recourse against Hedge Counterparty (for further information see Section 3).	Holder has benefit of moneys remaining in clearing agent's trust account for Margin but is at risk of those moneys being used for meeting other clients' margin requirements.	No need for recourse except risk of custodian default or broker fraud.
Trading	By on-line trading system or telephone.	As permitted by broker.	As permitted by broker.
Finance Charges	Finance Charge imposed on value of a BBY CFD position (for further information see Section 5).	ASX CFDs have cash flows that are paid while the position is open(e.g., contract interest, open interest charge, dividend cashflow, franking credit cashflow (ASX equity CFDs only)). See ASX website or brochures for current, detailed information.	None.

2.2.5 Share CFDs - Dividends

If you hold a long BBY Share CFD, you will be credited with an amount equal to the gross unfranked dividend on the relevant number of the BBY CFD's Underlying Securities on the Pay Date (Share CFDs do not confer rights to any dividend imputation credits).

Conversely, if you hold a short Share CFD, your Trading Account will be debited an amount equal to the gross unfranked dividend on the Underlying Securities on the Pay Date.

The dividend and Share CFD Cash Adjustments reports given by BBY record the adjustments made to your Share CFDs for dividends or other corporate actions affecting the Underlying Securities (and do not refer to actual dividends paid by the issuer of the Underlying Security).

2.2.6 Share CFDs - Corporate Actions

If there is a corporate action by the company which issues the Share CFD's Underlying Security to which the CFD relates, BBY may in its discretion make an adjustment to the terms of the Share CFD in accordance with the terms of the Trading Account. For example, an adjustment will ordinarily be made for: subdivisions; consolidations; reclassifications of shares; bonus issues; other issues of shares for no consideration; rights issues; buy backs; in specie distributions; takeovers, schemes of arrangement or similar corporate actions; a corporate action event that has a dilutive or concentrative effect on the market value of the shares. If the Share CFD relates to an index and a stock that is a constituent of the index goes ex-dividend, an adjustment will be made to the Index price to reflect this dividend. The weighted proportion of the dividend will be credited to long positions and debited from short positions. You may not direct BBY how to act on a corporate action or other shareholder benefit.

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

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

Share CFDs do not entitle you to direct BBY on how to exercise any voting rights in connection with the Share CFD's Underlying Security such as shares.

Clients should be aware that some Exchanges purge orders in securities that undergo corporate actions. The table below outlines actions typically taken in the event of a corporate action. You should use this as a guide only and seek confirmation of any action for specific corporate actions your Account may be affected by. It is important that you realise that you are personally responsible for understanding and acting on the particular corporate action affecting your Open Positions, since BBY will not alert you to this or do it for you.

Event types:	**Never delete orders**	**Always delete orders**	**Orders Potentially Deleted***
Tender offers	x		
Stock splits		x	
Reversed stock splits		x	
Bonus issues		x	
Mergers		x	
Spin offs		x	
Cash dividends			x
Stock dividends			x
Optional dividends			x
Rights issues			x

*All Orders for the BBY CFD will be deleted if the change in market value is anticipated to be over 20% as a result of the corporate action.

2.2.7 Share CFDs - No shareholder benefits

As a holder of a Share CFD, if the Share CFD relates to a security over listed equities, you do not have rights to vote, attend meetings or receive the issuer's reports, nor can you direct BBY to act on those rights. Other benefits such as participation in shareholder purchase plans or discounts are unavailable.

2.2.8 BBY CFD Trading Examples

Here are some examples to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with BBY before entering into your Transaction.

Example 1 - Long Share CFD:

Scenario 1

A Client expects the price of AMP shares to rally in the short term. The Client enters a long BBY CFD position to try to take advantage of the expected rise. Assume AMP BBY CFDs have a Margin rate of 25%, the Client opens 5000 CFDs and the opening price is $5.00.

If a Transaction Fee of 0.3% of the value of the Transaction is charged on the execution of each BBY CFD Transaction, then an amount of A$75 will be charged on the purchase of the BBY CFD. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant and current information.

On day 3 the price of AMP shares fall to $4.45 and the Client is now on Margin call since the Account Value is not greater than the minimum Margin requirement.

On day 5 the Client pays additional funds to ensure that the Account has adequate Margin coverage.

On day 10 the price of the AMP BBY CFDs rises to a Closing Price of $5.20 and the Client decides to Close Out the position by selling the corresponding number of short AMP BBY CFDs. There is a Transaction Fee of A$78 to close the position.

Scenario 1	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 1:							
Client pays funds of $8,000 for the Account	$0.00	$0.00	$8,000.00	$0.00	$0.00	0%	$8,000.00
Day 2:							
Buy 5,000 AMP BBY CFDs at $5	-$75.00	$0.00	$7,925.00	$25,000.00	$6,250.00	79%	$1,675.00
Day 3:							
AMP BBY CFDs fall to a closing price of $4.45. Client is on Margin call.	$0.00	-$2,750.00	$5,175.00	$22,250.00	$5,562.50	107%	-$387.50
Day 5:							
Client pays $5,000 for their Account.			$5,000.00				
AMP BBY CFDs fall to a closing price of $4.25	$0.00	-$3,750.00	$9,175.00	$21,250.00	$5,312.50	58%	$3,862.50
Day 7:							
AMP BBY CFDs fall to a closing price of $3.90	$0.00	-$5,500.00	$7,425.00	$19,500.00	$4,875.00	66%	$2,550.00
Day 10:							
AMP BBY CFDs rises to a closing price of $5.20	-$78.00	$0.00	$13,847.00	$0.00	$0.00	0%	$13,847.00

Transaction summary		Profit value
Net profit on Transactions		$847.00
month end Account Finance Charge - credit posting	$12.95	$859.95
Month end CFD Finance Charge - debit posting	-$2.75	$857.20
Profit as a % of Client funds paid		7%

If the Client were to execute a traditional investment directly in the Underlying Security, they would have achieved the following outcome:

Day 1: Purchase 5,000 AMP Limited Shares at $5.00 a share with (estimated) $110 brokerage. This leaves the Client with a net equity position then valued $24,890.

Day 10: Client sells 5,000 AMP Limited shares at $5.20 a share with (estimated) $110 brokerage. This leaves the Client with a $780 profit and a return on funds invested of 3%.

Scenario 2

A Client expects the price of AMP shares to rally in the short term. The Client enters a long BBY CFD position to try to take advantage of the expected rise. Assume AMP BBY CFDs have a Margin rate of 25%. If a Transaction Fee of 0.3% of the value of the Transaction is charged on the execution of each CFD Transaction, then an amount of A$150 will be charged on the purchase of the BBY CFD.

On day 5 the Client has not paid additional funds to ensure that there is adequate Margin coverage on the Account.

Scenario 2	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 5:							
AMP BBY CFDs fall to a closing price of $4.25	$0.00	-$3,750.00	$4,175.00	$21,250.00	$5,312.50	127%	-$1,137.50
Day 7:							
AMP BBY CFDs fall to a closing price of $3.90. Client does not maintain adequate Margin Cover.	$0.00	-$5,500.00	$2,425.00	$19,500.00	$4,875.00	201%	-$2,450.00
BBY CFD Positions Closed Out automatically as risk limits exceeded	-$58.50		$2,366.50	$0.00	$0.00	0%	$2,366.50

Transaction summary		Loss value
Net loss on Transactions		-$5,633.50
Month end Account Finance Charge - credit posting	$2.70	-$5,630.80

Transaction summary		Loss value
Month end Account Finance Charge - debit posting	-$0.53	-$5,631.33
	-$2.75	-$5,634.08
Loss as a % of funds paid		-43%

On day 7 the Client has failed to maintain adequate Margin coverage. BBY Closes Out the Client's position as it has exceeded risk limits. There is a Transaction Fee of A$58.50 to close the position. The loss on Client funds paid is 43%.

If the Client were to execute a traditional investment directly in the Underlying Security, they would have achieved the following outcome:

Day 1: Purchase 5,000 AMP Limited shares at $5.00 a share with (estimated) $110 brokerage. This leaves the Client with a net equity position of $24,890.

Day 7: The client sells 5,000 AMP Limited shares at $3.90 with (estimated) $110 brokerage. This leaves the Client with a $6,720 loss and a loss on funds invested of 27%.

Example 2- Short Share CFD:

Scenario 1

An investor considers BHP Ltd overvalued and wishes to speculate that the price will go lower. If a Transaction Fee of 0.3% of the value of the Transaction is charged on the execution of each CFD Transaction, then an amount of A$150 will be charged on the sale of the CFD. BHP Ltd has a Margin rate of 15%. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant and current information. The Client places a stop-loss order on the Account.

Sell 2,500 BHP Ltd BBY CFDs. Margin rate 15%.

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 1:							
Client pays funds of $10,000 for the Account	$0.00	$0.00	$10,000.00	$0.00	$0.00	0%	$10,000.00
Day 2:							
Client opens CFD for selling 2,500 BBY CFDs in BHP Ltd @ $20. Client places a stop-loss order at $21.55 and a profit target at $15	-$150.00	$0.00	$9,850.00	$50,000.00	$7,500.00	76%	$2,350.00
Day 3:							
The price of BHP BBY CFDs rises to a closing price of $21.50. The Client is on Margin call.	$0.00	-$3,750.00	$6,100.00	$53,750.00	$8,062.50	132%	-$1,962.50

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 4:							
BHP pays a dividend of 15 cents per share. Client's Account is adjusted for the CFD's dividend being taken out. The CFD price remains unchanged from day 3.	-$375.00	-$3,750.00	$5,725.00	$53,750.00	$8,062.50	141%	-$2,337.50
Day 5:							
Client pays $5,000 for their Account.			$5,000.00				
The price of BHP BBY CFDs rises to a closing price of $21.55. The Client's stop loss order is triggered.	-$161.63	$0.00	$10,436.88	$0.00	$0.00	0%	$10,436.88

Transaction summary		Loss value
Net loss on Transactions		-$4,563.13
Month end Account Finance Charge - credit posting	$0.00	-$4,563.13
Month end Account Finance Charge - debit Posting	$0.00	-$4,563.13
Month end CFD Finance Charge - credit posting	$1.20	-$4,561.93
Loss as a % of funds paid		-30%

On day 4 BHP pays a dividend of 15 cents per share. Since the Client is short the BBY CFD, an amount will be debited to the Account to reflect the dividend payment for the shares. The BBY CFD price remains unchanged from day 3.

On Day 5 the Client pays $5,000 for their Account to ensure that adequate Margin coverage is maintained. The Client's stop-loss order for the opposite Transaction to the one executed to open the trade is finally triggered on day 5 and the position is closed. There is a Transaction Fee of A$161.63 to close the position.

Scenario 2

Scenario 2	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 5:							
The price of BHP BBY CFDs rise to a closing price of $21.55. The Client did not place a stop-loss order.	$0.00	-$3,875.00	$5,436.88	$53,875.00	$8,081.25	149%	-$2,644.38

Scenario 2	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 6:							
BHP goes into a trading halt pending an announcement. Investor cannot trade in this CFD at this time.	$0.00	-$3,875.00	$5,436.88	$53,875.00	$8,081.25	149%	-$2,644.38
Day 7:							
BHP Ltd makes an announcement that it has received a takeover offer. Trading resumes.							
Price of BHP BBY CFDs rise to $25.00	$0.00	-$12,500.00	-$2,650.00	$62,500.00	$9,375.00	-354%	-$12,025.00
CFD position is Closed Out manually by BBY	-$187.50		-$2,837.50	$0.00	$0.00	0%	-$2,837.50

Transaction summary		Loss value
Net loss on Transactions		-$12,837.50
Month end Account Finance Charge - credit posting	$0.00	-$12,837.50
Month end Account Finance Charge - debit posting	-$15.86	-$12,853.36
Month end CFD Finance Charge - credit posting	$1.50	-$12,851.86
Loss as a % of funds paid		-129%

On day 4 BHP pays a dividend of 15 cents per share. Since the Client is short the BBY CFD, an amount will be debited to the Account to reflect the dividend payment for the shares. The BBY CFD price remains unchanged from day 3.

On Day 6 the share goes into a trading halt on the ASX pending the release of an announcement. The Client is unable to enter or exit positions when the share (which is the Underlying Security) is in a trading halt. While in a trading halt the company announces that it has received a take-over offer. The market reacts positively to this news and the BBY CFD price spikes sharply when the Underlying Security resumes trading on the ASX. BBY manually Closes Out the position since the Client's Account has inadequate Margin coverage. There is a Transaction Fee of A$187.50 to close the position. The Client's Account ends with a negative equity balance of -$2,837.50 which the Client is obliged to fund by paying that amount to BBY. The Client has lost more money than their initial investment in this instance.

This example also shows how a stop loss order might not be executed, because the price has gapped after resumption of trading of the Underlying Security.

Example 3 - Long Share Index CFD:

Scenario 1:

A Client believes that the market will rally in the short term and looks to benefit by buying BBY Share Index CFDs over the S&P / ASX 200™ index. Assume the Margin rate on the CFD is 5% and that the Transaction Fee for buying this is $12.50 per trade. The 'tick' size of the CFD is $1 per point of the index. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant and current information.

The Client pays $5,000 for their Account and buys 15 S&P / ASX 200™ Share Index CFDs at 4,790.

On day 3 the level of the index falls to 4,650. The Margin requirement at this time is $3,487.50. The Client's Account Value is $2,887.50 so the Client is on Margin call.

On day 5 the Client pays over a further $5,000 to the Account. Once the funds are received and credited, the Client is off margin call.

On day 7 the S&P / ASX 200™ Share Index CFDs fall to a level of 4,590.

On day 10 the S&P / ASX 200™ Share Index CFDs fall to a level of 4,540 and the Client closes the trade at this level.

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 1:							
Client pays funds of $5,000 for the Account	$0.00	$0.00	$5,000.00	$0.00	$0.00	0%	$5,000.00
Day 2:							
Client buys 15 S&P / ASX 200™ Share Index CFDs when the index is at 4,790.	-$12.50	$0.00	$4,987.50	$71,850.00	$3,592.50	72%	$1,395.00
Day 3:							
S&P / ASX 200™ Share Index CFDs fall to a level of 4,650. The Client is on Margin call.	$0.00	-$2,100.00	$2,887.50	$69,750.00	$3,487.50	121%	-$600.00
Day 5:							
Client pays a further $5,000 for their Account.			$5,000.00				
S&P / ASX 200™ Share Index CFDs fall to a level of 4,630. The Client is off Margin call.	$0.00	-$2,400.00	$7,587.50	$69,450.00	$3,472.50	46%	$4,115.00
Day 7:							
S&P / ASX 200™ Share Index CFDs fall to a level of 4,590	$0.00	-$3,000.00	$6,987.50	$68,850.00	$3,442.50	49%	$3,545.00
Day 10:							
S&P / ASX 200™ Share Index CFDs fall to a level of 4,540 and the Client closes the trade at this level	-$12.50	$0.00	$6,225.00	$0.00	$0.00	0%	$6,225.00

Transaction summary		Loss value
Net loss on Transactions		-$3,775.00
month end Account Finance Charge - credit posting	$6.36	-$3,768.64
Month end CFD Finance Charge - debit posting	-$2.75	-$3,771.39
Loss as a % of funds transferred		-38%

Example 4: Long Commodity CFD

In the following example you think that oil is currently overpriced and expect the price to fall in the short term. You buy a Commodity CFD for selling 100 Barrels of US Crude Oil to benefit from the price fall you expect to see in the market.

The fees, charges and Margin rates used in this example are hypothetical only and you should check your Trading Conditions prior to trading for all relevant and current information. This example assumes that:

- all figures are quoted in United States dollars;
- no brokerage, commission or Transaction Fee is charged
- the Initial Margin is 10% of the Commodity CFD contract;
- the Commodity CFD is executed in the United States dollar denominated Trading Account;
- the positive amount of Withdrawal Funds is below the Finance Chare Account Qualification level for Finance Charge credit to be applied to the Account;
- a stop-loss order is placed to attempt to minimise potential losses on the Transaction; and
- the price of the US Crude Oil Commodity CFD moves in line with the market price of the barrel of US Crude Oil.

Scenario 1: You sell 100 Barrels of US Crude Oil Commodity CFDs. You pay additional funds to meet a Margin Cover shortfall that is experienced during the life of the Transaction. The Commodity CFD is Closed Out at your requested stop-loss level.

Scenario 1	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 1:							
Client pays funds of US$1,200 for the Account	$0.00	$0.00	$1,200.00	$0.00	$0.00	0%	$1,200.00
Day 2:							
Client buys CFD for selling 100 barrels US Crude Oil CFDs @US$80. Client places a stop-loss order at US$85 and a profit target at US$70	$0.00	$0.00	$1,200.00	$8,000.00	$800.00	67%	$400.00
Day 3:							
The price of oil rises to US$83 a barrel	$0.00	-$300.00	$900.00	$8,300.00	$830.00	92%	$70.00

Scenario 1	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 5:							
Client pays US$500 for their Account.			$500.00				
The price of oil rises to US$86 a barrel. The Client's stop loss order is triggered	$0.00	$0.00	$1,200.00	$0.00	$0.00	0%	$1,200.00

Transaction summary		Accumulated Total Value
net profit on Transactions		-$500.00
month end Account Finance Charge - credit posting	$0.00	-$500.00
month end Account Finance Charge - debit posting	$0.00	-$500.00

In this scenario 2, you have entered a position to sell US Crude Oil Commodity CFDs when the price of US Crude Oil is at US$80 a barrel. Your position is closed when your stop loss order is triggered at US$85 a barrel. You make a loss on the Transaction of US$500. This represents a loss as a percentage of the Initial Margin required to establish the position of 63%.

Scenario 2:

In this scenario 2 you do not pay additional funds to cover the Margin requirement and so your position is Closed Out by BBY.

Scenario 2	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 5:							
The price of oil rises to US$86 a barrel.	$0.00	-$600.00	$600	$8,600.00	$860.00	143%	$-260.00
Day 7:							
The price of oil rises to US$95 a barrel.	$0.00	-$1,500.00	-$300.00	$9,500.00	$950.00	-317%	-$1,250.00
CFD position is Closed Out manually by BBY	$0.00		-$300.00	$0.00	$0.00	0%	-$300.00

Transaction summary	Loss value
net loss on Transactions	-$1,500.00

Transaction summary		Loss value
month end Account Finance Charge - credit posting	$0.00	-$1,500.00
month end Account Finance Charge - debit posting	-$1.68	-$1,501.68

In this scenario 2, you have entered a position to sell US Crude Oil Commodity CFDs when the price of US Crude Oil is at US$80 a barrel. Your position is Closed Out because you did not maintain Margin Cover when the price of US Crude oil rose to US$95 a barrel. You make a loss on the Transaction of US$1,500 plus month end Account Finance Charges debit of $1.68, resulting in a net loss of US$1,501.68. This represents a loss as a percentage of the Initial Margin required to establish the position of 188%. Therefore, the total loss on this Transaction is more than the amount initially invested to establish the position.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by BBY), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to Trading Conditions prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn this would result in the Margin Utilisation percentage being 100% and you would need to ensure that you have maintained funds in your Account to cover your BBY CFDs market exposure at all times.
6. The Margin Utilisation in the example exceeded BBY's typical risk limit of 150% (see Section 3.14). BBY's automatic Close Out feature has been ignored in the scenarios in order to show the potential impact of changes. The scenarios assume that BBY has manually Closed Out these positions. You are reminded that BBY may set a lower risk limit and not to assume that BBY will apply an automatic Close Out if its internal risk limit is exceeded. You should decide your own risk limits and monitor your positions within those limits.

2.3 BBY ONLINE TRADER OPTIONS

2.3.1 Nature of BBY Online Trader Options

Options can be defined as a contract which gives the buyer the right, but not the obligation, to buy or sell an underlying asset, be it shares, an index or other, at a predetermined price known as the strike price, on or before a specified date in the future. In exchange for this right, the buyer pays the seller a sum of money known as the option premium.

A seller of an option receives the premium from the buyer but in return they must provide the underlying asset if exercised.

There are a variety of different options that you can trade on the BBY Online Trader platform: index options (options over an index) and options over futures, foreign exchange contracts and precious metals.

Index options are options over an index such as the S&P™/ASX 200™ index. Index options on the BBY Online Trader Platform are known as BBY Online Trader Options and are described in this section of the PDS. Information about options over futures, foreign exchange contracts and precious metals is found in the sections of this PDS relating to Futures and Commodities and FX and Precious Metals. **It does not appear in this section 2.3.**

There are generally two types of options. A call option is an option to buy in the underlying market at a designated price (the exercise price or strike price), irrespective of the current underlying price.

A put option is an option to sell in the underlying market at the exercise price. A call option is an option to buy in the underlying market at the exercise price. BBY Online Trader Options are standardised, so that having bought an option it is possible to sell it later to a third party. Depending on the nature of the option, an option may be exercised at any time prior to expiry (American style) or only on expiry (European style, more on this later). Upon exercise, a buyer (taker) and a seller (granter) are required to take up the resulting underlying positions.

There are two parties to an options contract; the buyer (or taker) and the seller (or granter). If the option is exercised, it becomes a contract and the buyer of the call option then has a bought underlying position at the exercise price, while the seller (granter) is required to take the opposite (sold) side of this contract.

If the option was a put option, the buyer, on exercise, then has a contract to sell at the exercise price and the seller (granter) has a contract to buy at this price. The diagram below sets out the results from the buyer's and seller's viewpoint when the buyer exercises a call or put option:

Buyer	**Action**
BOUGHT CALL OPTION >>	BUY UNDERLYING (AT THE EXERCISE PRICE Of THE OPTION)
BOUGHT PUT OPTION >>	SELL UNDERLYING (AT THE EXERCISE PRICE Of THE OPTION)
Seller	**Action**
SOLD CALL OPTION >>	SELL UNDERLYING (AT THE EXERCISE PRICE Of THE OPTION)
SOLD PUT OPTION >>	BUY UNDERLYING (AT THE EXERCISE PRICE Of THE OPTION)

2.3.2 Exercising call and put options

Provided the buyer pays the full amount of the premium which is non-refundable at the time the option is traded, the buyer will not be called upon to pay margins; if the buyer pays only an Initial Margin (deposit), the buyer may be called upon to pay margins up to the full value of the premium (but no more). Provided the underlying market has moved in the buyer's favour, the holder of an option can profit by selling it later at a higher premium, or by exercising it and closing out the resulting contract. The profit depends on the movement in the underlying market and is potentially unlimited.

However if the conditions do not suit the buyer, then the options can be left to lapse and the buyer simply forgoes the premium paid. On the other hand, sellers (granters) of option contracts have limited profit potential (they cannot earn more than the premium for which the option is sold) and have similar potential liability to the holder of the underlying asset, i.e., unlimited potential for loss.

Margins will be called if the market price moves against the seller and may result in making a cash adjustment based on a change in the price of the index.

European and American options

European options can only be exercised on the expiry date of the option, and not before. American options can be exercised at any time up to the date the option is due to expire, except for on the last trading day when they can only be exercised via the trading desk.

2.3.3 BBY Online Trader Option Exercise Procedure

The settlement of BBY Online Trader Options is more complex than for many other derivatives. All options positions are subject to an auto-exercise function at expiry:

- All long positions on in-the-money Options are assumed to be exercised
- All short positions on in-the-money Options are assumed to be assigned
- All positions on out-of-the-money Options are abandoned

Abandonment of in-the-money positions is not supported. Thus, clients should close their Option positions prior to expiry.

A European style Option, when in-the-money, is only exercised at expiry and is cash settled.

2.3.4 Profit and loss when trading BBY Online Trader Options

The diagram below sets out profit and loss situations when trading call and put options:

PROFITABLE TRADES	**LOSING TRADES**
BUYING A CALL OPTION - BUY LOW SELL HIGH*	BUYING A CALL OPTION - BUY HIGH SELL LOW*
BUYING A PUT OPTION BUY Low SELL HIGH*	BUYING A PUT OPTION BUY HIGH SELL LOW*
SELLING A CALL OPTION - SELL HIGH BUY LOW**	SELLING A CALL OPTION - SELL LOW BUY HIGH**
SELLING A PUT OPTION - SELL HIGH BUY LOW**	SELLING A PUT OPTION - SELL LOW BUY HIGH**

*Refers to the buying of the option.

** Refers to the selling of the option.

Out-of-the-money options

A call option is said to be out of the money when the strike price is above the current price of the underlying index. A put option is said to be out of the money when the strike price is below the current price of the underlying index.

The kind of exercise rights for BBY Online Trader Options depends on the terms of your BBY Online Trader Option contract. The purchaser of an option, whether it is a call option or a put option, has a known and limited potential loss. If a purchased option expires worthless, the purchaser will lose the total value paid for the option (known as the premium), plus transaction costs. Selling ("writing") options may entail considerably greater risk than purchasing options. The premium received by the seller of an option is fixed and limited; however the seller may incur losses greater than that amount.

To close a BBY Online Trader Option position before its expiry, you contact BBY, either by telephone or other means or logon to the BBY Online trading platform, to determine the current market value or level for the underlying index, with the view to closing the position (or part of it). BBY can confirm the current market value or level and you will then decide whether to accept the value or level, and if so, you will instruct BBY to close your open position in accordance with your instructions.

The total closing value is then determined by taking into account the closing price, the number of derivative contracts and the exchange rates. On the day that the option is closed, BBY will calculate the remaining payment rights and obligations to reflect movements in the contract value since the previous business close (including interest and other credits/debits).

2.3.5 Example: Buying an Index Put Option Contract

Buy a 3450 S&P™/ASX 200™ Index Put Option for a price of 22 points. The S&P™/ASX 200™ Index is trading at 3500 points. Close to the expiry day, S&P™/ASX 200™ Index Options are trading at 3500 and the option premium is now 30 points per option contract.

By paying BBY the premium of $220 (i.e. 22 points x $10) you have bought the right to sell an index for 3450 points before the option expires.

Since you paid $220 for the option you will need the index price to be below the break-even point of 3428 to make a profit on the option.

The example shows that while the index price is above 3428 points the put option buyer would make a loss. The most the call option buyer can lose is the price of the option, worth $220.

TRANSACTION PROFIT AND LOSS	
TRANSACTION	BUY 1, 3450 S&P™/ASX 200™ INDEX PUT OPTION FOR 22 POINTS
PREMIUM PAID	A$ 220 (22 @ A$ 10 PER POINT)
COMMISSION	= A$ 27.50 (INCL GST)

2.4 BBY ONLINE TRADER FUTURES AND COMMODITIES

2.4.1 Nature of a BBY Futures Contract

A BBY Futures Contract is an over-the-counter derivative product which allows you to make a profit or loss from changes in the market price of the Underlying Futures Contract, including a Futures Contract traded on the ASX 24 (formerly known as the Sydney Futures Exchange), without actually owning that financial product or having any indirect interest in the financial product.

You select the BBY Futures Contracts which you want to trade on BBY Online Trader by choosing from the Futures Contract categorisation relating to the Exchange for the Underlying Futures Contract. For example, in order to trade an "ASX/SPI 200 Index™ BBY Futures Contract" you would select an "ASX/SPI 200 Index™ Futures Contract" from the ASX 24 Exchange. This contract is categorised on BBY Online Trader as an exchange traded Futures Contract for ease of reference when you trade; however, at all times the financial product which you are selecting and trading is a BBY Futures Contract issued by BBY to you.

As well as dealing in BBY Futures Contracts whose Underlying Futures Contracts are traded on the ASX 24 or one of its related Exchanges, you can also deal in BBY Futures Contracts whose Underlying Futures Contracts are traded on many other Exchanges in the world.

Unlike direct investments made by trading on an Exchange, BBY Futures Contracts are not standardised (though they are in respect of Underlying Futures Contracts which are standardised). The terms of BBY Futures Contracts are based on the Account Terms with BBY, which apply to your Trading Account(s) and your BBY Contracts.

BBY Futures Contracts, as with other BBY Contracts, do not give you any beneficial interest in the Underlying Futures Contract nor any right to acquire the Underlying Futures Contract. This is different from direct trading in the Underlying Futures Contract where you acquire a beneficial interest in the actual financial product.

As the holder of a BBY Futures Contract, you do not have a beneficial interest in the Underlying Futures Contract and you have none of the rights of a holder of that financial product.

2.4.2 Key Features of BBY Futures Contracts

BBY Futures Contracts are sophisticated, high-risk, over-the-counter derivatives issued by BBY. They are not exchange-traded. They are for investing indirectly in a range of exchange traded Futures Contracts around the world. There is leverage in the BBY Futures Contract because you pay to BBY only Margin, not the full value. All payments to BBY are paid as Margin, therefore the more Margin you pay, the less leverage.

2.4.3 Key Risks of BBY Futures Contracts

For a description of all of the significant risks, please see Section 4.

2.4.4 Purpose of BBY Futures Contracts

People who trade BBY Futures Contracts may do so for a variety of reasons.

Some trade for speculation, that is, with a view to profiting from fluctuations in the price or value of the BBY Futures Contract's Underlying Futures Contract. For example, BBY Futures Contract traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the BBY Futures Contract's Underlying Futures Contract. BBY Futures Contract traders may have no need to sell or purchase the Underlying Futures Contracts themselves, but may instead be looking to profit from market movements in the Futures Contracts concerned.

BBY Futures Contract traders can potentially profit (or loss) from both rising and falling markets depending on the strategy they have employed across all of their investments. Strategies may be complex and will have different levels of risk associated with each strategy.

Whatever the purpose of the dealing, BBY Futures Contracts allow you to trade indirectly in the Underlying Futures Contracts across a number of Exchanges around the world, without the need for arranging separate broker or custody accounts in each country and having to manage payments for all of those accounts.

The use of BBY Futures Contracts involves a high degree of leverage. This leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. The leveraging in a BBY Futures Contract may lead to a loss larger than the Margin that you have paid to BBY to establish or to maintain the BBY Futures Contract (see Section 5 for an example of a loss made on a BBY Futures Contract).

2.4.5 Comparison

This summary table compares the BBY Futures Contracts offered by this PDS with direct investments into Futures Contracts. As a summary, it cannot cover all features, risks and terms of all the financial products and services. Therefore, in addition to this summary, you should ensure that you read the whole of this PDS in full.

Feature	BBY Futures Contracts	Direct investment in Futures Contracts
Beneficial interest in Underlying Futures Contract	Investor in BBY Futures Contract has no beneficial interest in Underlying Futures Contract	Investor has beneficial interest in Futures Contract
Rights as a Client of an Exchange-regulated futures broker	Investor has no rights under Exchange rules; all rights come from BBY Futures Contract	Investor has rights imposed by operating rules of Exchange
Value	Value changes according to market price	Value changes according to market price
Leverage	Yes: investors pay only a margin amount not less than the amount set by Exchange, but not the full face value of the Futures Contract	Yes: investors pay only a margin amount not less than the amount set by Exchange, but not the full face value of the Futures Contract
Further margining	BBY has the right to call for additional Margin amounts	Further margining can occur by futures broker acting under Exchange rules
Short positions	Short BBY Futures Contracts possible, depending on availability and regulations affecting Underlying Futures Contract	Short positions possible, depending on availability and regulations affecting Futures Contract
Custody	Investor has BBY Futures Contract but no interest in Underlying Futures Contract or any Margin paid to BBY	Futures Contracts and client segregated moneys held in custody according to Exchange rules
Recourse	Investor is unsecured creditor of BBY but with additional protection of Protection Trust, limited by BBY's recourse against Hedge Counterparties (see "Your Counterparty Risk on BBY" in Section 3)	Investor is usually unsecured creditor of broker who holds balance of Client's margin in client segregated moneys account (which is subject to Exchange's operating rules and usually liable to risk of being used to meet shortfall from default by other clients). There may be a guarantee or fidelity fund for broker fraud, depending on local laws or Exchange rules
Trading	By telephone, online trading platform	As permitted by broker

2.4.6 How to Deal in BBY Online Trader Futures Contracts

Quotes for prices for dealing in BBY Futures Contracts are indicative only and so are subject to the actual price at the time of execution of your Transaction. There is no assurance that the BBY Futures Contract will actually be dealt with at the indicative quote.

Quotes can only be given and Transactions made during the open market hours of the relevant Exchange on which the Underlying Futures Contracts are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website or by contacting BBY.

BBY may at any time in its discretion without prior notice impose limits on BBY Futures Contracts in respect of particular Underlying Futures Contracts. Ordinarily, BBY would only do this if the market for the particular Underlying Futures Contract has become illiquid, the Hedge Counterparty is unable to cover the Underlying Security, its trading status has been suspended or there is some significant disruption to the markets, including trading facilities.

You should be aware that the market prices and other market data which you view through BBY's online trading platforms or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices for BBY Futures Contracts offered or dealt by BBY.

If you access your Accounts and any online trading platform outside of the hours when Orders may be accepted, you should be aware that the Orders may be processed at a later time when the relevant Exchange is open to trading, by which time the market prices (and currency exchange values) and therefore the price of the BBY Futures Contracts might have changed significantly.

2.4.7 Underlying Futures Contracts

The Underlying Futures Contract of a BBY Futures Contract is a Futures Contract, which is Exchange-traded. This means that your derivative, being the BBY Futures Contract issued by BBY, operates by reference to a notional Futures Contract which is Exchange traded.

While BBY will generally deal in its own Futures Contract, or an over-the-counter version of that, to hedge its BBY Futures Contract issued to you, you do not have any beneficial interest in any actual Futures Contract held by BBY nor is your BBY Futures Contract a Futures Contract which is traded on any Exchange, though it may share many of the economic features of those financial products. Therefore you should be familiar with Futures Contracts and be an experienced investor in them before you invest in BBY Futures Contracts.

To help ensure you understand the features and risks of BBY Futures Contracts, the following section describes Futures Contracts and some kinds of them. Please bear in mind, though, this describes Underlying Futures Contracts which are Exchange-traded Futures Contracts, so it does not describe your BBY Futures Contract nor do you have any interest in any hedge contract held by BBY. You should always read and understand the full terms of your BBY Futures Contracts by reading this PDS and the terms of your BBY Online Trading Account in full.

BBY does not offer BBY Futures Contracts relating to a Futures Contract over listed equities, so there is no adjustment for corporate actions required.

Types of Futures Contracts

There are two main types of Futures Contracts. One is an agreement under which the seller agrees to deliver to the buyer, and the buyer agrees to take delivery of, the quantity of the commodity described in the contract. Such contracts are described as deliverable contracts.

The other kind is an agreement under which the two parties will make a cash adjustment between them according to whether the price of a commodity or security has risen or fallen since the time of contract was made. Such contracts are described as cash settlement contracts.

Contract Specifications

The terms and conditions of a Futures Contract are set out in the rules and regulations of the Exchange on which the contract was made. Futures Exchanges exist in a number of countries and regions, including the United States of America, the United Kingdom, Europe and Asia, as well as Australia. The material in this document is intended to refer to any Futures Contract traded on any Exchange, but there may be differences in procedures and regulation of markets from one country to another and one Exchange to another. Since the rules of each Exchange are considerably lengthy and may change, you should obtain a copy of the rules of the Exchange relevant to you by accessing the Exchange's website. Alternatively, you can contact BBY for assistance in identifying the relevant rules.

Futures Contracts are made for periods of up to several years in the future, although the vast majority are for settlement within six months of the agreement being made. Part of the standardisation of contracts is that the time of the delivery or settlement is one of a series of standardised maturity times. For example, in the ASX/SPI 200™ Index Future traded on the ASX 24, contracts can be made for settlement at the end of March, June, September or December during a period of 18 months from the time of the trade.

The terms and specifications of Futures Contracts traded on the ASX 24 are accessible at its website: www.asx.com.au

Futures Contracts are standardised

Contract standardisation means that price and volume are the only factors that are to be determined in the marketplace. Price discovery can occur by means of an open outcry system, under which brokers on the trading floor state aloud the prices at which they are prepared to buy or sell, giving other brokers with an interest in that commodity an equal chance of deciding whether to accept a bid (buying price) or offer (selling price) or by means of an electronic trading system. Futures prices represent a consensus of market opinion as to what the price of the commodity should be at the specified future time.

Since all Futures Contracts for a given future month in the same market are exactly alike, obligations under Futures Contracts are easily transferred from one party to another. A Client who holds a BBY Futures Contract whose Underlying Futures Contract is a contract to buy may cancel this obligation by taking a BBY Futures Contract in respect of a new contract to sell in the same month. This process is known as "offsetting" or "Closing Out the contract". In the same way, the holder of a contract to sell can Close Out by taking a new contract to buy. In each case there will be a profit or loss equal to the difference between the buying and selling prices multiplied by the "tick value" of the contract. In practice, the vast majority of contracts are offset in this manner, the remainder being fulfilled by delivery or by mandatory cash settlement in those markets if no provision for delivery exists.

Expiry of Futures Contracts and Close Out by BBY

It should be noted that since all BBY Futures Contracts are only ever cash settled, all Open Positions will be closed on the Underlying Futures Contract expiry date or must be rolled into the next contract month. BBY advises you to be aware of the expiry and first notice dates of any Futures Contracts which are the Underlying Futures Contracts of the BBY Futures Contracts in which you invest and ensure that you close your BBY Futures Contract position before that date, otherwise a BBY Futures Contract whose Underlying Futures Contract is cash settled will be terminated and a BBY Futures Contract whose Underlying Futures Contract is deliverable will be Closed Out by BBY. If you do not close a BBY Futures Contract position within 2 days of the expiry date or the first notice date of the Underlying Futures Contract, BBY reserves the right to automatically close your BBY Futures Contract position for you at the first opportunity available to BBY at the prevailing market price. Any resulting costs, gains or losses will be passed on to you. If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your BBY Futures Contracts, please contact your BBY advisor.

Futures Options

On many futures exchanges, futures options (option contracts over Futures Contracts) are available in addition to Futures Contracts.

There are two types of options. A call option is an option to buy in the futures market at a designated price (the exercise price or strike price).

A put option is an option to sell in the futures market at the exercise price. Like BBY Futures Contracts, options are standardised, so that having bought an option it is possible to sell it later to a third party. Depending on the nature of the option, an option may be exercised at any time prior to expiry or only on expiry. Upon exercise, a buyer (taker) and a seller (granter) are required to take up the resulting futures positions.

There are two parties to an options contract; the buyer (or taker) and the seller (or granter). If the option is exercised, it becomes a BBY Futures Contract, and the buyer of the call option then has a bought futures position at the exercise price, while the seller (granter) is required to take the opposite (sold) side of this BBY Futures Contract.

If the option was a put option, the buyer, on exercise, then has a BBY Futures Contract to sell at the exercise price and the seller (granter) has a BBY Futures Contract to buy at this price. The diagram below sets out the results from the buyer's and seller's viewpoint when the buyer exercises a call or put futures option:

Buyer	Action
BOUGHT CALL OPTION >>	BUY FUTURES (AT THE EXERCISE PRICE Of THE OPTION)
BOUGHT PUT OPTION >>	SELL FUTURES (AT THE EXERCISE PRICE Of THE OPTION)
Seller	**Action**
SOLD CALL OPTION >>	SELL FUTURES (AT THE EXERCISE PRICE Of THE OPTION)
SOLD PUT OPTION >>	BUY FUTURES (AT THE EXERCISE PRICE Of THE OPTION)

Exercising call and put options

Provided the buyer pays the full amount of the premium which is non-refundable at the time the option is traded, the buyer will not be called upon to pay margins; if the buyer pays only an Initial Margin (deposit), the buyer may be called upon to pay margins up to the full value of the premium (but no more). However, if you have open positions in other margin products on the platform, you need to understand that you may have further margin obligations that need to be met across your Account and if these are not met, there is the potential for some or all of your open positions to be closed out. Provided the underlying futures market has moved in the buyer's favour, the holder of an option can profit by selling it later at a higher premium, or by exercising it and closing out the resulting future contract. The profit depends on the movement in the underlying futures market and is potentially unlimited.

However if the conditions do not suit the buyer, then the options can be left to lapse and the buyer simply forgoes the premium paid. On the other hand, sellers (granters) of option contracts have limited profit potential (they cannot earn more than the premium for which the option is sold) and have similar potential liability to the holder of a BBY Futures Contract, i.e., unlimited potential for loss.

Margins will be called if the market price moves against the seller. You must distinguish between BBY Futures Options and exchange traded futures options. If a BBY Futures Option is exercised a BBY Futures Contract is established. If an exchange traded futures option is exercised, it may result in making or taking delivery of the actual commodity underlying the option, making a cash adjustment based on a change in the price of the commodity or on the movement in an index, or an exchange traded futures option may be established. The following matters can apply both to BBY Futures Options and exchange traded futures options but the discussion will centre on futures options.

European and American options

European options can only be exercised on the expiry date of the option, and not before. American options can be exercised at any time up to the date the option is due to expire. Options traded on a futures exchange (such as the ASX24) usually may be exercised at any time before the expiry date. In this case, if you are the seller of an option, you must be prepared for that option to be exercised any time before the expiry date.

Futures Option Exercise Procedure

The settlement of BBY Futures Options is more complex than for many other derivatives.

An in-the-money put option has an exercise price above the settlement price of the underlying BBY Futures Contract at expiry of the option. For example a client has bought a 4800 put option and on the last trading date of the option the settlement price of the futures is at 4700. The client's put option position will then be exercised into a short (sold) BBY Futures Contract from 4800. An in-the-money call option has an exercise price below the settlement price of the underlying BBY Futures Contract at expiry of the option. For example a client has bought a 4600-call option and on the last trading date of the option the settlement price of the futures is at 4700.

The client's call option position will then be exercised into a long (bought) BBY Futures Contract from 4600. The exercised position will be netted out on the settlement date.

Profit and loss when trading futures

The diagram below sets out profit and loss situations when trading call and put options:

PROFITABLE TRADES	LOSING TRADES
BUYING A CALL OPTION - BUY LOW SELL HIGH*	BUYING A CALL OPTION - BUY HIGH SELL LOW*
BUYING A PUT OPTION BUY Low SELL HIGH*	BUYING A PUT OPTION BUY HIGH SELL LOW*
SELLING A CALL OPTION - SELL HIGH BUY LOW**	SELLING A CALL OPTION - SELL LOW BUY HIGH**

PROFITABLE TRADES	LOSING TRADES
SELLING A PUT OPTION - SELL HIGH BUY LOW**	SELLING A PUT OPTION - SELL LOW BUY HIGH**

*Refers to the buying of the option.

** Refers to the selling of the option.

Out-of-the-money options

This term is used to describe an option that cannot be exercised at a profit. An out-of-the-money option is a call option whose strike price is higher than the current market level or a put option whose strike price is below market.

The kind of exercise rights for BBY Futures Options depends on the terms of your BBY Futures Options Contract. The purchaser of an option, whether it is a call option or a put option, has a known and limited potential loss. If a purchased option expires worthless, the purchaser will lose the total value paid for the option (known as the premium), plus transaction costs. Selling ("writing") options may entail considerably greater risk than purchasing options. The premium received by the seller of an option is fixed and limited; however the seller may incur losses greater than that amount.

To close a BBY Futures Option position before its expiry, you contact BBY, either by telephone or other means or logon to the BBY Online trading platform, to determine the current market value or level for the Underlying Security, with the view to closing the position (or part of it). BBY can confirm the current market value or level and you will then decide whether to accept the value or level, and if so, you will instruct BBY to close your open position in accordance with your instructions. (A similar procedure applies for exchange-traded derivatives dealt through the BBY exchange traded products facility.)

The total closing value is then determined by taking into account the closing price, the number of derivative contracts and the exchange rates. On the day that the derivative is closed, BBY will calculate the remaining payment rights and obligations to reflect movements in the contract value since the previous business close (including interest and other credits/debits).

2.4.8 BBY Futures Contract Trading Examples

Here are some examples to illustrate the variables for a typical Transaction and how they affect the calculations.

The variables of your actual Transactions will, of course, differ, so please check with BBY before entering into your Transaction.

Example 1: Buying an Index Futures BBY Futures Contract over the ASX/SPI 200 Index™ Futures Contract

In the following example an investor thinks that the ASX/SPI 200 Index™ will rise and so buys one (1) "ASX/SPI 200 Index™ BBY Futures Contract" in order to benefit from the expected rise. As seen from earlier in this PDS, a "ASX/SPI 200 Index™ BBY Futures Contract" will be a BBY Futures Contract in respect of an ASX/SPI 200 Index™ Futures Contract.

There are two scenarios outlined in the example. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your trading conditions prior to trading for all relevant information. This example assumes that:

- all figures are quoted in Australian dollars;
- the Initial Margin is fixed at AUD$7,000;
- the Transaction Fee of AUD$27.50 is charged on the execution of each BBY Futures Contract;
- the BBY Futures Contract is executed in the Australian dollar denominated Trading Account;
- the price of the BBY Futures Contract price moves in line with the market price of the ASX/SPI 200 Index™ Futures Contract which of course moves in line with the index level (also called "points") of the ASX/SPI 200 Index™; and
- each index point has a tick value equal to A$25, so the BBY Futures Contract's price will change AUD$25 for every index point change.

Scenario 1: You purchase 1 ASX/SPI 200 Index™ BBY Futures Contract in order to profit from the expected market rise. You pay additional funds when the Margin Cover is insufficient in order to maintain the position. Eventually you close the position at a profit.

Scenario 1	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 1:							
Client pays funds of $8,000 for the Trading Account	$0.00	$0.00	$8,000.00	$0.00	$0.00	0%	$8,000.00
Day 2:							
Buy 1 ASX/SPI 200 Index™ BBY Futures Contract with index at 4,800 points	-$27.50	$0.00	$7,972.50	$120,000.00	$7,000.00	88%	$972.50

Scenario 1	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 3:							
ASX/SPI 200 Index™ falls to 4,780.	$0.00	-$500.00	$7,472.50	$119,500.00	$7,000.00	94%	$472.50
Day 5:							
Client pays $5,000 for their Account.			$5,000.00				
ASX/SPI 200 Index™ falls to 4700	$0.00	-$2,500.00	$10,472.50	$117,500.00	$7,000.00	67%	$3,472.50
Day 7:							
ASX/SPI 200 Index™ falls to 4650	$0.00	-$3,750.00	$9,222.50	$116,250.00	$7,000.00	76%	$2,222.50
Day 10:							
ASX/SPI 200 Index™ rises to 4,900. Client closes position	-$27.50	$0.00	$15,445.00	$0.00	$0.00	0%	$15,445.00

Transaction summary		Profit value
net profit on Transactions		$2,445.00
month end Account Finance Charge - credit posting	$14.30	$2,459.30
month end Account Finance Charge - debit posting	$0.00	$2,459.30

In this scenario 1, you have entered a long position with the level of the ASX/SPI 200 Index™ at 4800 points. You close the position at the level of 4900. You make a profit on the Transaction of $2,500 less Transaction Fees and charges of $55 plus month end Account Finance Charges credits of $14.30, resulting in a net profit (before tax) of $2,459.30. This represents a profit as a percentage (before tax) of the Initial Margin required to establish the position of 35%.

Scenario 2: In scenario 2 you do not pay additional funds when the price of the ASX/SPI 200 Index™ Futures falls, so BBY Closes Out the position.

Scenario 2	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 5:							
ASX/SPI 200 Index™ falls to 4700	$0.00	-$2,500.00	$5,472.50	$117,500.00	$7,000.00	128%	-$1,527.50

Scenario 2	Fees/Charges /Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin Utilisation %	Withdrawable Funds
Day 7:							
ASX/SPI 200 Index™ falls to 4650. Client does not maintain required Margin.	$0.00	-$3,750.00	$4,222.50	$116,250.00	$7,000.00	166%	-$2,777.50
BBY Futures Contract position is Closed Out automatically since risk limits exceeded	-$27.50		$4,195.00	$0.00	$0.00	0%	$4,195.00

Transaction summary		Accumulated Total Value
net loss on Transactions		-$3,805.00
month end Account Finance Charge - credit posting	$4.55	-$3,800.45
month end Account Finance Charge - debit posting	-$0.71	-$3,801.17

In this scenario 2, you have entered a long position with the level of the ASX/SPI 200 Index™ at 4800 points. Your position is Closed Out because you do not maintain sufficient Margin when the index falls to the level of 4650. You make a loss on the Transaction of AUD$3,750 plus Transaction Fees and charges of $55 plus month end Account Finance Charges debit of $0.71 less month end Account Finance Charges credit of $4.55, resulting in a net loss (before tax) of AUD$3,801.17. This represents a loss as a percentage of the Initial Margin required to establish the position of 54%.

Example 2: Buying a Futures Put Option Contract

Buy a 3450 ASX24 SPI 200™ Index Put Option for a price of 22 points. The ASX24 SPI 200 is trading at 3475 points. Close to the expiry day, ASX24 SPI 200 is trading at 3415 and the option premium is now 35 points per option contract.

By paying BBY the premium of $550 (i.e. 22 points x $25) you have bought the right to sell a Futures Contract at 3450 at or before option expiry (if you are trading American style options).

Since you paid $550 for the option you will need the futures price to be below the break-even point of 3428 (strike price of 3450 minus premium cost of 22 points) to make a profit on the option.

While the futures price is above 3428 points the put option buyer has an unrealised loss. The most the put option buyer can lose is the price they paid for the option, $550 (22 points x $25).

TRADING PROFIT AND LOSS	
TRANSACTION (Opening Trade)	BUY 1, 3450 ASX24 SPI 200 INDEXPUT OPTION FOR 22 POINTS
PREMIUM PAID	A$ 550 (22 points @ A$ 25 PER POINT)
COMMISSION	= A$ 27.50 (INCL GST)
TRANSACTION (Closing Trade)	SELL 1, 3450 ASX24 SPI 200 INDEXPUT OPTION FOR 35 POINTS
PREMIUM RECEIVED	A$ 875 (35 points @ A$ 25 PER POINT)
COMMISSION	= A$ 27.50 (INCL GST)
Profit/(Loss)	$875-$550-$55 (brokerage) =$270 Premium received-Premium paid-commission=Profit/(Loss)

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by BBY), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to trading conditions prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn this would result in the Margin Utilisation percentage being 100% and you would need to ensure that you have maintained funds in your Account to cover your BBY Futures Contract market exposure at all times.
6. The Margin Utilisation in the example exceeded BBY's typical risk limit of 150% (see section 3.9). BBY's automatic Close Out feature has been ignored in the scenarios in order to show the potential impact of changes. The scenarios assume that BBY has manually Closed out these positions. You are reminded that BBY may set a lower risk limit and not to assume that BBY will apply an automatic Close Out if its internal risk limit is exceeded. You should set your own risk limits and monitor your positions.

2.5 BBY ONLINE TRADER FX AND PRECIOUS METALS

2.5.1 Nature of BBY FX and metals products

BBY FX and Metals Products are not standardised but are individually tailored to the particular requirements of the parties involved. The terms of BBY FX and Metals Products are based on the Account Terms with BBY, which apply to your Trading Account(s) and your BBY Online Trader Products. The contract specifications involved in the negotiation of any FX and Metals Product are:

- whether the currency pair is being bought or sold
- the currencies to be traded
- the amounts of such currencies
- the Settlement Date/Value Date of the product
- the rate at which such currencies are exchanged.

FX Products and Metal Products traded on BBY Online Trader cannot be settled by the physical or deliverable settlement of the currencies or Spot metals on their Settlement Date, rather these products can be rolled or swapped indefinitely until you decide to Close Out the Transaction, refer to the Section "TOM/Next Rollover" for more details. FX Products and Metal Products traded on BBY Online Trader are subject to Margin requirements.

Essentially, the amount of any realised profit or loss made on the BBY FX and Metals Product will be equal to the net of:

- the difference between the Transaction Price of the BBY FX and Metals Products when the Transaction is opened (adjusted, if relevant, for previous swap costs due to TOM/NEXT rollovers) and the Transaction Price of the BBY FX and Metals Products when the Transaction is Closed Out, multiplied by the Transaction Quantity; and
- any Transaction Fees payable in respect of the BBY FX and Metals Products and any other charges (for more information on Fees and Charges see Section 5 of this PDS).

Your Account Value will also be affected by other amounts you must pay in respect of your Account such as Finance Charges on your Account Trading Account and conversion costs (for more information on costs, fees and charges in respect of your Account, see Section 5 of this PDS).

FX Products are available in most currencies. BBY offers over 160 foreign exchange currency pairs, including crosses on all major currencies.

- Metal Products are offered in respect of Spot gold and silver traded against USD, EUR, JPY, AUD and HKD.
- Metal Products which are Options are offered in respect of Spot gold and silver traded against USD.

For more information on the various FX Products and Metal Products on which BBY provides quotes, you should download a demonstration trading platform located on the BBY website www.bby.com.au/bby-online/ or contact BBY.

2.5.2 Key Benefits of BBY FX and Metals Products

The following benefits to BBY FX and Metals Products are in addition to the benefits that apply to all BBY Contracts as set out at the start of this PDS.

- Hedging: BBY FX and Metals Products can be used as important risk management tools. FX Products are used to hedge foreign exchange currency exposures, protect against adverse exchange rate movements and provide certainty of foreign exchange rates and cash flow. Metal Products give protection against movements in the market price for metals and provides cash flow certainty.
- Flexibility: The use of Options provides a degree of flexibility in decision making, by giving you time to decide whether or not to exercise the Option. You should be aware though that you will pay a premium for that flexibility.
- Profit potential in both rising and falling markets: Since the currency and metals markets are constantly moving,

there are always trading opportunities, whether a currency is strengthening or weakening in relation to another currency or the market price of metals (which may be denominated in a foreign currency) is rising or falling. There is a potential for profit (and loss) in both rising and falling markets depending on the strategy you have employed. Strategies may be complex and each strategy will have different levels of risk associated with it.

2.5.3 Types of BBY FX and Metals Products

Spot FX Product

A Spot FX Product involves an agreement to exchange one currency for another at an Exchange Rate agreed on the day of the trade. Settlement of the Transaction will occur on a Spot basis (refer to the Glossary for further details of these defined expressions).

Spot Metal Product

A Spot Metal Product involves the buying or selling of spot gold and silver at the price agreed on the day traded against the US dollar, Euro, Japanese Yen, Australian dollar and Hong Kong dollar. Settlement of the Transaction will occur on a Forward basis (refer to the Glossary for further details of these defined expressions).

You select the Metal Product which you want to trade on BBY Online Trader through the Foreign Exchange trading module.

Forward FX Product

A Forward FX Product involves an agreement to exchange one currency for another at an Exchange Rate agreed on the day of the trade. Settlement of the Transaction will occur on a Forward basis (refer to the Glossary for further details of these defined expressions).

Almost the entire range of Spot FX currency pairs is available as Forward FX Products.

Vanilla Options

A Vanilla Option (a standard or basic form of option) involves the buyer having the right but not the obligation to buy (Call Option) or sell (Put Option) an FX Product or Metal Product at a Strike Price on the Expiry date. For this right to buy or sell the underlying asset, a premium is paid upfront to the seller of the Option. Paying the premium allows the Client to hold the FX Product or Metal Option until its Expiry Date, or to sell it at any given point prior to its Expiry Date.

Refer to the later Section entitled “how is Option premium calculated” of this PDS for an explanation as to how BBY determines the amount of the premium.

Binary Options

Binary Options are a more exotic type of option that pay off if the underlying asset either reaches a specific level, or does not reach a specific level, by a specific time. There are two types of binary options available through BBY Online Trader: One Touch (OT) and No Touch (NT) Binary Options. Bought OT Binary Options give you a payout once the price of the underlying asset reaches or surpasses a predetermined level, whereas with bought NT Binary Options you receive a payout if the underlying asset does not reach the predetermined level prior to expiry. Like Vanilla Options these can be bought or sold to try and achieve your investment outcome. Binary Options are a limited risk product that has automatic cash settlement once the trigger level is hit or otherwise on expiry. Please refer to section ‘Nature of a Binary Option’ below for further detail.

2.5.4 Nature of Vanilla Options

There are broadly two types of Options:

- Call Options; and
- Put Options.

Selling an Option will require you as the seller (also known as the “writer”) of an Option to pay Margin in respect of that Transaction. That is because there is risk that the seller will not perform its obligations if and when the Option is exercised and the loss is unlimited. Buying Options will not require you as the buyer (also known as the “taker”) of an Option to pay Margin in respect of that Transaction, because they are not “at risk” – they must pay the premium up front and that is the maximum amount the buyer of the Option can lose in respect of that Option (plus transaction costs).

All Options have a Strike Price and will expire at the Expiry Date and Expiry Time.

All Vanilla Options traded on BBY Online Trader are European Style options.

If the Option is not exercised on its Expiry Date, the Option lapses because the holder of a European Option has the right, but is not obliged, to exercise the Option. The holder will usually only exercise the Option if the Option is “in the money” - refer to the Section below entitled “in the money”, “at the money” and “out of the money” of this PDS for additional explanation.

2.5.5 How is Option Premium determined?

To buy an Option you are required to pay to the seller (BBY) a Premium. The Premium is the compensation for BBY accepting the risk involved in selling the Option to you. The full value of the Premium is payable to BBY prior to buying the Option. This means that sufficient cleared funds to cover the amount of the Premium must be paid and credited to your Account with BBY before you can trade.

Paying the Premium will allow you to keep the Option until its Expiry Date (where it can either be exercised or it will lapse) or to sell it at any given point of time prior to its Expiry Date i.e. Close Out the Open Position.

BBY determines the amount of the Premium. In determining this, BBY will consider a range of factors including:

(i) the current Transaction Price;

(ii) the nominated Expiry Date;

(iii) the nominated Exercise Price or Strike Price;

(v) the expected volatility of the underlying currency or metals market; and

(vi) the interest rates of the two currencies in relation to the Options on an FX Product.

Intrinsic value is the difference between the current price and the Exercise Price at any point in time as long as the option is in the money. For example, a Call Option will have intrinsic value at a particular point in time when the current price is above the Exercise Price. On the other hand, a Put Option will have intrinsic value only when the current price is below the Exercise Price.

European Style options which have intrinsic value can still give you a profit by Closing Out (selling) your Option at the current price (as opposed to exercising the Option, which is only possible on the Expiry Date).

Time value is more complex. By way of general explanation, when the premium quoted on an Option is greater than its intrinsic value, it is because the Option has time value. Out of the money Options with no intrinsic value will only have time value. Time value is commonly determined by a combination of five variables: the current Transaction Price, the expected volatility of the underlying currency or Spot metals market, the Exercise Price, the time to the Expiry Date and the difference in the rate of interest that can be earned by the two currencies for Options on FX Products. Time value falls toward zero as the Expiry Date approaches. Interest rate differentials between the relevant countries and temporary supply/demand imbalances can also have an impact on the amount of the premiums. These are factors taken into account in setting the Premium for the BBY Options, though of course you deal with BBY simply on the basis of the offered Premium.

2.5.6 Option Value

An Option is referred to as "in the money" when it has intrinsic value and "out of the money" when it does not. "At the money" means the current price is the same as the Exercise Price. Just because an Option is "out of the money" at a point in time does not mean it does not have value. That is because it may still have time value.

	Call Option	Put Option
current price is greater than the Exercise price	in the money	out of the money
current price is the same as the Exercise price	at the money	at the money
current price is less than the Exercise price	out of the money	in the money

2.5.7 Nature of Binary Options

Investors determine the key elements of the Binary Option trade before they enter into a trade including:

- One Touch or No Touch
- The trigger level for the trade
- Expiry of the trade
- Whether to buy or sell

Unlike Vanilla Options, the price of the Binary Option, the Premium, is expressed as a percentage of the potential payout. For example, for a notional size of 10,000 and a price of 10%, the premium will be 1,000 units of base currency and the payout is 10,000 units of base currency.

The minimum trade size is 100 units of notional currency. The Options quotes can cover maturities from 1 day to 6 months.

One Touch (OT): Buyer pays the premium at initiation and receives the fixed payout if spot reaches the trigger level at any time prior to Expiry. Seller receives the premium at initiation and pays the fixed payout if spot reaches the trigger level at any time prior to Expiry.

If you are buying an OT Binary Option, you believe that a currency pair will move to reach the trigger level you have set for the trade. If the currency pair does trade through your trigger level, you will receive a fixed payout. If the currency pair does not trade through your trigger level, you lose the amount of premium you paid to buy the option.

If you sell an OT Binary Option, you believe that the currency pair will not trade up/down to your trigger level. If the currency pair does not trade through the trigger level, you get to keep the premium amount that you sold the option for. If the currency pair does trade through the trigger level, you have to pay a fixed payout.

No Touch (NT): Buyer pays the premium at initiation and receives a fixed payout if spot does not reach the trigger level at any time prior to Expiry. Seller receives the premium at initiation and pays the fixed payout if spot never reaches the trigger level prior to Expiry.

If you are buying an NT Binary Option, you believe that a currency pair will not trade through the trigger level that you have set for the trade. If the currency pair does not trade through the trigger level, you will receive a fixed payout. If the currency pair does trade through the trigger level, you lose the amount of premium you paid to buy the option.

If you sell an NT Binary Option you believe that a currency pair will trade up/down through the trigger level for the trade. If the currency pair does trade through the trigger level, you get to keep the premium amount that you sold the option for. If the currency pair does not trade through the trigger level, you have to pay a fixed payout.

2.5.8 Binary Options and Margin

Binary options are not available for margin trading.

When buying Binary Options you pay the premium in full from cleared funds in your account. The full value of the position is immediately reserved on your account but will not be available for trading or as margin collateral.

When selling a Binary Option you receive the initial premium, but the potential payout is immediately reserved on your account (under "non-margined positions") and is not available for trading or as margin collateral. The premium received for selling an option is on the account under "Transactions not booked".

There is no netting available for open positions. Cash required for holding each option is calculated separately and added together. This includes the Premium for long positions and the potential payout of a short position.

2.5.9 BBY FX and Metals Product Trading Examples

Here are some examples to illustrate the variables for a typical Transaction and how they affect the calculations. The variables of your actual Transactions will, of course, differ, so please check with BBY before entering into your Transaction.

Example 1 - Long FX Product:

An investor expects the Australian Dollar to rally against the Swiss Franc in the short term. The client enters a long BBY FX position to try to take advantage of the expected rise. Assume AUDCHF has a Margin rate of 2% and that the Transaction Fee is built into the spread. The Client buys an FX Product for AUD$200,000 at a rate of 0.8988.

The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant information.

On day 3 the price of an FX Product for AUDCHF falls to $0.8891 and the Client's Account has now got negative Margin Cover and may in addition receive a Margin call since the Account Value is not greater than the required minimum Margin Cover.

On day 4 the Client pays additional funds to ensure that the Account has adequate Margin Cover.

On day 5 an FX Product for AUDCHF trades at 0.9068 and the Client decides to Close Out the position by selling an FX Product for the corresponding amount of AUDCHF. The Transaction Fee is built into the spread of the price offered.

In this example the Client would receive the benefit of swap Points based on the interest rate differential between the two countries' interest rates. Assuming that the interest rate in Australia is 4.75% p.a. and the interest rate in Switzerland is 0.25% p.a., then the Client's Account would receive the difference (adjusted by a spread for both interest rates). This is calculated daily.

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin utilsation %	Withdrawable Funds
Day 1:	Client pays funds of $5,000 for the Account						
	$0.00	$0.00	$5,000.00	$0.00	$0.00	0%	$5,000.00
Day 2:	Buy AUD$200,000 AUDCHF at 0.8988 with value date on Day 4. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points)						
	$0.00	$0.00	$5,000.00	$200,000.00	$4,000.00	80%	$1,000.00
Day 3:	AUDCHF falls to a closing price of 0.8891. Account has a negative Margin Cover and the Client may in addition receive a Margin call. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points)						
	$0.00	-1,940 CHF	$2,818.02	$200,000.00	$4,000.00	142%	-$1,181.98
Day 4:	Client pays $5,000 for their Account. AUDCHF falls to a closing price of 0.8887. The Account is restored to a positive Margin Cover. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points)						
			$5,000.00				
	$0.00	-2,020 CHF	$7,727.02	$200,000.00	$4,000.00	52%	$3,727.02
Day 5:	AUDCHF falls to a closing price of 0.8882. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points)						
	$0.00	-2,120 CHF	$7,613.16	$200,000.00	$4,000.00	53%	$3,613.16
Day 6:	AUDCHF rises to a closing price of 0.9068. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points) until settlement on day 8						
	$0.00	0	$11,764.45	$0.00	$0.00	0%	$11,764.45

Transaction summary	Adjustments	Profit value
Net profit on Transactions		$1,764.45
month end Account Finance Charge - net credit posting	$11.05	$1,775.50
Profit as a % of funds deposited		14%

Example 2- Short Metal Product:

A Client considers that silver is overvalued against the US Dollar and wishes to speculate the price will go lower. Assume that there is a Transaction Fee of 0.3% of the value of the Transaction and that the Margin rate of the Metal Product is 2%. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant information. The Client places a Stop-loss Order on the Account at USD$36.60 and a profit target of USD$32.00.

On day 1 the Client pays AUD$5,000 to fund their Account. On day 2 the Client buys a Metal Product for selling XAGUSD at USD$36.10 with a Quantity of 5,000. The required minimum Margin Cover on this position is AUD$3,118.93.

On day 3 the price of XAGUSD rose to a closing price of USD$36.50.

On Day 5 the Client pays AUD$5,000 to their Account to ensure that adequate Margin Coverage is maintained. The Client's Stop-loss Order for the opposite Transaction to the one executed to open the trade is finally triggered on day 5 and the position is closed. There is a Transaction Fee of A$510.30 to close the position.

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Account Value	Market Exposure	Margin Requirement	Margin utilsation %	Withdrawable Funds	USDAUD Rate
Day 1:	Client pays funds of $5,000 for the Account							
	$0.00	$0.00	$5,000.00	$0.00	$0.00	0%	$5,000.00	0.929
Day 2:	Client sells 5,000 ounces XAGUSD at $36.10 with value date on day 4.							
	-$467.84	$0.00	$4,532.16	$167,774.75	$3,355.50	74%	$1,176.67	0.9295
Day 3:	The price of XAGUSD rises to a closing price of $36.50. Account has a negative Margin Cover and the Client may in addition receive a Margin call. The position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points)							
	$0.00	-2,000 USD	$2,673.36	$169,615.50	$3,392.31	127%	-$718.95	0.9294
Day 5:	Client pays $5,000 for their Account.							
	The price of XAGUSD rises to a closing price of $36.60. The client stop loss order is triggered. he position are rolled on a TOM/NEXT rollover and the open price would be adjusted by the rollover (or swap Points) until settlement on day 7							
			$5,000.00					
	-$510.30	$0.00	$6,698.11	$0.00	$0.00	0%	$6,698.11	0.9295

Transaction summary		Loss value
Net loss on Transactions		-$ 3,301.89
Month end Account Finance Charge - net credit posting	$0.75	-$ 3,301.14
Loss as a % of funds transferred		-22%

Example 3 – Short FX Option Position:

An investor believes that the Euro Dollar will depreciate against the U.S. Dollar in the short term. The investor looks to profit from this expected move by selling a Call Option on EURUSD with a face value of $50,000 and a strike price of 1.4100. The Client is able to sell the Option for a Premium of 0.008 Points. Assume the brokerage rate is $15 USD per trade. The fees, charges and Margin rates used in these examples are hypothetical only and you should check your Trading Conditions prior to trading for all relevant information.

On day 3 the Euro dollar fall against the U.S. Dollar and the price of the Option increases to 0.010 Points.

On day 5 the EURO dollar has further depreciated against the U.S. Dollar and price of the Option is 0.011. At this level the Client buys the Option back at a profit.

Scenario 1	Fees/Charges/ Adjustments	Unrealised P/L	Market Value	Account Value	Market Exposure	Margin Requirement	Margin utilsation %	Withdrawable Funds	AUDUSD Rate	EURUSD Rate
Day 1:	Client pays funds of AUD$1,000 for the Account									
	$0.00	$0.00	$0.00	$1,000.00	$0.00	$0.00	0%	$1,000.00	0.929	
Day 2:	Client sells a Vanilla Forex Option EURUSD with a face value of 50,000 EUR and a strike price of 1.41 for 0.008 points									
	-$13.94	$0.00	-$343.92	$986.06	$33,146.71	$616.20	62%	$369.86	0.9295	1.4021
Day 3:	The price of of the option increases to 0.010									
	$0.00	-$92.93	-$464.65	$893.13	$33,134.85	$615.84	69%	$277.28	0.9293	1.4023
Day 5:	The price of the option increases to 0.011 and the client decideds to Close Out the position at this point									
	-$13.94	$0.00	$0.00	$804.97	$0.00	$0.00	0%	$804.97	0.9292	1.4024

Transaction summary		Loss value
Net loss on Transactions		-$195.03
Month end Account Finance Charge - net credit posting	$0.15	-$194.89
Loss as a % of funds transferred		-19%

Example 4 – Long FX One Touch Binary Option Position:

An investor believes that the Euro will rally above 1.4500 against the US Dollar within the next two weeks. The investor looks to profit from this expected move by buying an OT Binary Option with a trigger level of 1.4500, a three week expiry date and a pay-out level of €10,000. The market price of the option is 10% of the payout value so the investor pays a premium of €1,000.

On day 5 of the trade the EURUSD rallies to 1.4600, passing through the trigger level of 1.4500. The investor receives the payout amount of €9,000 automatically.

Notes to all examples in this PDS:

1. The above examples are to illustrate the impact of key variables on the outcome of a Transaction. They are not forecasts or projections of any particular Transaction.
2. The worked examples illustrate in dollar terms how trading incurs fees (including fees charged by BBY), charges or other payments. These examples are not intended to be exhaustive and document every trading strategy.
3. The examples use simplifying assumptions by not taking into account an investor's tax rate or overall tax position, potential changes in interest rates charged to or earned on the Trading Account or the time value of money. While these variables will undoubtedly change the outcome of a Transaction, they are normal market variables which cannot now be predicted and so must be taken into consideration by a potential investor in Transactions.
4. Margin requirements, interest rates and external charges may change at any time and are hypothetical only. Please refer to Trading Conditions prior to trading.
5. Although the Withdrawable Funds are available to be withdrawn, if they are withdrawn this would result in the Margin Utilisation percentage being 100% and you would need to ensure that you have maintained funds in your Account to cover your BBY FX and Metals Products market exposure at all times.

SECTION 3 – HOW TO TRADE

3.1 Your Account

You need to establish your Account by completing BBY's Account application form, which will be made available for you by contacting BBY directly. After BBY accepts your application, your Account will be established. Your Account covers all of the services and products which you apply for in your application form and which are accepted by BBY.

Within your Account you may have one or more Trading Accounts. A Trading Account is a sub-account of your Account which is required to be established for a specific method of dealing, such as for dealings on an online trading platform or for dealings in a particular product.

Your BBY Online Trader Account is that part of your Account which is for your trading on the trading platform known as BBY Online Trader. Within your BBY Online Trader Account you may have one or more Trading Accounts.

For example, you could have a Trading Account(s) established for:

- each different currency denomination of BBY Contracts that you deal in therefore preventing BBY converting the currency value of your Transaction into the Trading Account's currency; and
- different types of BBY Contracts for example CFDs traded under the DMA pricing model as distinct from CFDs traded under the non DMA Model.

By opening a BBY Online Trader Account, you agree to the Account Terms.

The legal terms governing your Account and your dealing in BBY Contracts with BBY are set out in the Account Terms. The Account Terms also have the legal terms for your dealings with us for other financial products which are not covered by this PDS (such as trading in other kinds of BBY Contracts offered by BBY). You agree to the Account Terms by opening a BBY Online Trader Account.

3.2 Opening a BBY Contract

The particular terms of each BBY Contract are agreed between you and BBY before entering into the Transaction. Before you enter into a BBY Contract, BBY will require you to have sufficient Account Value (as defined in the Glossary in Section 7) to satisfy the Initial Margin requirements for the relevant number of BBY Contracts. You should note that Account Value can include Initial Margin other than cash, such as securities. BBY allows this to give clients greater flexibility in the way they can provide Margin. There are extra risks associated with allowing BBY to accept Margin in a form other than cash from you, such as the risk that your securities could be sold to fund your account or payback your debts, and the risk that the value of securities you provide to us as Margin could drop resulting in your account experiencing a margin call or having your collateral and open derivative positions liquidated. You should consider these risks when providing Margin to BBY to fund your Trading Account. You should note that BBY will not accept leveraged securities (such as securities that are subject to margin loan) as Margin. The payments you make to BBY are applied as either Margin or the fees and charges and the amount net of those fees and charges is credited to your Trading Account. The fees and charges of transacting BBY Contracts with BBY are set out in this PDS.

When you Close Out your BBY Contracts, you are entering into a new BBY Contract opposite to your open BBY Contract. You are liable for the costs, fees and charges as described in this PDS (see Section 5). You should be aware that your investment might suffer a loss, depending on the marked-to-market value of your BBY Contract at termination compared with the total cost of your investment up to the time of termination.

A BBY Contract position is opened by entering a BBY Contract, corresponding with either buying (going long) or selling (going short) the Underlying Security, contract or asset. You go "long" when you enter a BBY Contract corresponding with buying the Underlying Security, contract or asset in the expectation that the price of the underlying to which the BBY Contract is referable will increase, which would have the effect that the price of the BBY Contract would increase. This is generally referred to as buying a position. You go "short" when you enter a BBY Contract corresponding with selling the Underlying Security, contract or asset in the expectation that the price of the underlying to which the BBY Contract is referable will decrease, which would have the effect that the price of the BBY Contract will decline. This is generally referred to as selling a position.

Settlement must occur on the agreed date. Changes to the specified date are permitted only if you and BBY later agree.

3.3 Dealing

Quotes for prices for dealing in BBY Contracts are indicative only and so are subject to the actual price at the time of execution of your Transaction. There is no assurance that the BBY contracts will actually be dealt with at the indicative quote.

Quotes can normally only be given and Transactions made during the open market hours of the relevant Exchange on which the Underlying Securities are traded. The open hours of the relevant Exchanges are available by viewing the relevant Exchange website or by contacting BBY.

BBY may at any time in its discretion without prior notice impose limits on BBY Contracts in respect of particular Underlying Securities, contracts or assets. Ordinarily, BBY would only do this if the market for the particular Underlying Securities, contract or asset has become illiquid, the Hedge Counterparty is unable to cover the Underlying Security, contract or asset, its trading status has been suspended or there is some significant disruption to the markets, including trading facilities.

You should be aware that the market prices and other market data which you view through BBY's online trading platforms or other facilities which you arrange yourself may not be current or may not exactly correspond with the prices for BBY Contracts offered or dealt by BBY.

If you access your Accounts and any online trading platform outside of the hours when Orders may be accepted, you should be aware that the Orders may be processed at a later time when the relevant Exchange is open to trading, by which time the market prices (and currency exchange values) and therefore the price of the BBY Contract might have changed significantly.

3.4 Spread pricing

When trading in BBY Contracts with BBY you will notice that each BBY Contract that you request has a lower and higher price at which you can place your Order. These two prices are termed the Bid/Offer spread – the difference is an indication of where you can buy BBY Contracts at, being the higher price, and where you can sell BBY Contracts at, being the lower price.

BBY makes hedge contracts at or around the same time as it issues the BBY Contract to you by making a corresponding hedge contract with its Hedge Counterparty (not by placing orders directly into the market). The hedge contract is with a Hedge Counterparty who may choose to hedge directly into the market or it may make a market in its pricing to BBY, depending on the market for the Underlying Security, contract or asset and the relevant Exchange hours, (refer to Section 3.6 on trading models).

BBY's offer and bid prices to you are based on the corresponding prices offered by the Hedge Counterparty to

BBY i.e., it represents where its Hedge Counterparty will buy BBY Contracts at (Bid) and sell BBY Contracts at (Offer) and these prices may not be the same as those quoted in the relevant Exchange or market for the underlying. For example in regards to Commodity CFDs the Transaction Fee is included in the spread pricing so that the spread quoted by BBY is in addition to the spread of the prices available in the underlying market.

At any time, this Bid/Offer spread represents BBY's best current price to sell BBY Contracts and the best current price to buy BBY Contracts at that time in a Transaction with BBY. These prices are subject to movements up to the time of actual execution.

Generally the prices of BBY's Contracts are set on the BBY Online Trader to give competitive pricing but you should be aware that BBY is responsible for setting the prices of opening and closing BBY Contracts and BBY does not act as your agent to find you the best prices. When your Order is executed at one of these prices, in order for you to break even or to realise a profit or loss, the price you exit your trade at must be at least equal to the original Bid or Offer price at which you entered, less fees and charges. If you entered the BBY Contract at the Offer; the price must reach the Bid and vice versa. The available pricing may be limited by minimum steps, depending on the Exchange rules for trading the Underlying Security or its hedge, so, depending on the BBY Contract you choose, your Order to exit your position might have to be in minimum increments of pricing before it can be accepted and executed. These spreads can be seen as a cost of trading and should be factored into your trading decisions.

3.5 Valuation

During the term of BBY Contracts, BBY will determine the Account Value of your Trading Account(s), based on the current value of the BBY Contracts in your Trading Account(s) and other factors included in your Account Value as defined in the Glossary in Section 7. The current value of your BBY Contract positions is ordinarily marked to market on a continuous basis, using the BBY Contract's Current Market Price, when the Exchange for the relevant Underlying Security is open. After the Exchange trading ends, the Contract pricing may be updated to reflect a Contract closing price (this may be a delayed price depending on whether you have subscribed for live pricing). In the case of Share Index CFDs the price may be continuously updated by reference to prices in the market where hedging is possible for the Share Index CFD.

If trading in the Underlying Security, contract or asset is suspended or halted by the relevant Exchange (or, if it is an index which is not available at the time), the BBY Contract position will be re-valued by BBY for your Trading Account.

Your Account Value is used to assess your Margin Cover against current positions and any potential new positions you may wish to take (for a further explanation refer to Section 3.12 on how Margin requirements and Margin Cover are calculated).

3.6 Trading model

There are two models or ways of trading BBY CFDs. The first is what is commonly known as, or commonly referred to as, the Direct Market Access ("DMA") model. The second is the Non Direct Market Access ("Non DMA").

New Clients of BBY that do not have a preference for their Trading Account will be provided with access to the Non DMA model. If you want to have DMA access an additional Trading Account will need to be established for the DMA trading which can be done when you set up your Account by contacting your advisor or BBY. You can also confirm on your BBY Online Trader, through the Trading Conditions relating to each Trading Account, whether a DMA Trading Account has been established, by the presence of the option of selecting the Trading Conditions relating to DMA (otherwise this would not be available).

3.6.1 The DMA model

If a CFD Client adopts the DMA model it means that all BBY CFD quotes made by BBY are the same as the price or value of the Underlying Security on the relevant Exchange subject to BBY's reliance on the Hedge Counterparty providing the same pricing service as the price or value of the Underlying Security on the relevant Exchange i.e. BBY's agreement with the Hedge Counterparty provides that ordinarily no additional spread is applied by the Hedge Counterparty for DMA clients.

This is subject to the Client requesting live pricing which can be done via the BBY Online Trader and will be subject to additional fees, which the Client agrees to on accepting the subscription agreement for the live pricing service.

For example, if BHP is quoted on the ASX as 24.20/24.22, then the price which BBY will quote for BBY CFDs using the DMA model is expected to be: 24.20/24.22.

3.6.2 The Non DMA model

If a BBY CFD Client adopts the Non DMA model it means that all BBY CFD quotes made by reference to the price or value of the Underlying Security on the relevant Exchange but that this pricing or the value may differ from the price or value of the Underlying Security on the relevant Exchange. Transaction Fee and Hedge Counterparty pricing may be included in the quote for the BBY CFD. An additional spread is applied to the pricing or value to reflect the Transaction Fee.

Using the Non DMA model may also mean the Client does not participate in the features of the DMA model, such as having Orders (for BBY CFDs) work during the opening and closing phases of Exchange trading in the Underlying Security or participate in Orders queuing.

Please refer to our website, the Trading Conditions or contact us for further information about the features of the Non DMA model.

For example, if BHP is quoted on the ASX as 24.20/24.22, then the price which BBY will quote for BBY CFDs using the Non DMA model could be 24.19/24.23.

3.7 On-line Trading Platforms

Your BBY Online Trader Account gives you access to BBY Online Trader (or for some clients, another similar online platform which may have a different name), which is a multi-product on-line trading platform. All products traded on BBY Online Trader are BBY Contracts. All BBY Contracts are hedged with BBY's Hedge Counterparty (described in "Hedge Counterparty risk" in Section 3.19).

All of your BBY Contracts will use BBY Online Trader (or similar online platform). Even if you telephone BBY to place an Order, your Order will be placed on BBY Online Trader. The information in this PDS is relevant to you if the platform provided to you is named BBY Online Trader or if it has another name.

You must carefully read and follow the operational rules for BBY Online Trader. BBY Online Trader may impose special operating rules regarding:

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

We strongly recommend that prior to engaging in live trading you open a "demo" account and conduct simulated trading. This enables you to become familiar with BBY Online Trader's features and conditions.

There is also Online Help available on the BBY Online Trader which has a wealth of information relating to the operation of BBY Online Trader or you can contact Trader Support on 1300 133 104.

3.8 Confirmations of Transactions

If you enter a BBY Contract, the confirmation of that Transaction, as required by the Corporations Act, may be obtained by accessing the daily statement online, which you can print.

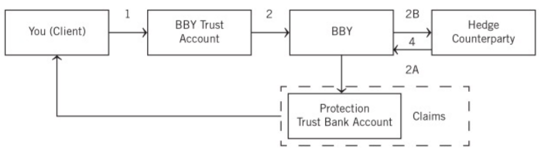
Once you have entered an Order into an online trading platform, the system may report the main features of your Transaction in a “pop-up” window. This is a preliminary notification for your convenience and is not designed to be a confirmation as required by the Corporations Act.

You consent to confirmations being sent electronically by way of information posted to your Trading Account in BBY Online Trader. If you have provided BBY with an e-mail or other electronic address BBY may on request email a confirmation to that address. Typically there will not be any separate document emailed to you – you will have to access your Account online to see the record of Transactions. It is your obligation to review the confirmation immediately to ensure its accuracy and to report any discrepancies within 24 hours.

3.9 Payments and Client Moneys

Here is a simplified diagram and summary of payments when you invest in BBY Contracts. A detailed explanation follows some of the scenarios further below, so please use the simplified diagram and summary as an introductory overview before reading the greater detail which follows later in this Section. BBY does not use any funds paid by you into the BBY Trust Account for general working capital purposes.

A. Establishing a BBY Contract Position



Steps

Step 1 You (as our Client) pay moneys into BBY's BBY Trust Account.

Step 2 BBY’s policy is that it will immediately withdraw from the BBY Trust Account all of your money which you have deposited there and pay it as Margin to BBY for your BBY Contracts (including for any other fees or charges or other payments which you owe, according to your Account Terms or for other amounts for your Trading Account). This will allow for your Trading Account to be credited in order for you to trade in the BBY Contracts.

***Step 2** shows that the money is withdrawn to pay BBY, which is the legal step. This is done by withdrawing from the BBY Trust Account and paying directly into only either the Protection Trust Bank Account (Step 2A), or to the Hedge Counterparty (Step 2B) (although there is no strict legal obligation on BBY to follow this process).

Steps 3 and 4 are virtually simultaneous:

Step 3 BBY Contracts are issued to you.

Step 4 BBY fully hedges all Clients’ BBY Contracts with Hedge Counterparty.

(See more detail later in this PDS):

1. BBY’s Protection Trust Bank Account and any Claims against Hedge Counterparty are held under the Protection Trust to benefit only BBY Contract Clients.
2. BBY withdraws moneys from the Protection Trust Bank Account only for:
   - paying BBY Contract Clients;
   - fees and charges due to BBY; or
   - to pay the Hedge Counterparty for managing BBY’s margin obligations on the hedge contracts.
3. BBY does not pay all moneys immediately to Hedge Counterparty because the amount of Margin BBY receives from clients is generally more than what is required as margin for the hedge positions, and because BBY considers it better credit protection to retain a surplus in the Protection Trust Bank Account. BBY considers that it is better credit protection for clients to do this because BBY has strict liquid capital requirements imposed on it by the ASX and so is confident that it will remain solvent. BBY therefore considers that it is preferential that money owed to clients stays under BBY’s control in the Protection Trust Bank Account rather than being sent to BBY’s Hedge Counterparty when it is not required by them. Although BBY is confident of its Hedge Counterparty’s solvency also, BBY does not have any control over the Hedge Counterparty’s solvency and where the surplus funds are held by the Hedge Counterparty, it means another step is involved for the funds to be returned from the Hedge Counterparty to BBY and then to the client – see further explanation under “Protection Trust”.
4. You do not satisfy your payment obligations to BBY merely by having your moneys in the BBY Trust Account. For so long as your moneys remain in the BBY Trust Account, it is held in trust for BBY Clients. Pursuant to the Account Terms, money in the BBY Trust Account cannot be counted as payment for or credit for your Trading Account until BBY acts on the direction given by the Client to transfer money to the Trading Account. **However, as explained below your deposit instruction authorises BBY to transfer funds to your Trading Account and it is BBY’s general policy to make the withdrawals from the BBY Trust Account and to credit your Trading Account in the ordinary course of business to allow you to trade.**

5. BBY may choose to credit your Trading Account with payment to BBY before it withdraws the funds you have paid into the BBY Trust Account. This may be done to advantage Clients to facilitate dealing in BBY Contracts, having regard to available banking payment procedures. Advanced crediting of your Trading Account should not be expected or be relied upon. As explained earlier, the general policy of BBY is to credit your Trading Account after BBY has withdrawn the funds which you have paid into the BBY Trust Account.

Detailed explanation of Client moneys when establishing a BBY Contract position

Before you transfer any money to BBY, you should carefully consider how your money will be held and used and the risks to you of paying money to BBY.

BBY Trust Account

Moneys paid by you to BBY for BBY Contracts are initially deposited into a client moneys trust account maintained by BBY, which is referred to in this PDS as the "**BBY Trust Account**".

The moneys paid by you into the BBY Trust Account are held for BBY clients and are segregated from BBY's own funds. This means those funds are not available to pay general creditors in the event of receivership or liquidation of BBY.

You should be aware that, generally, for client moneys trust accounts:

- Individual Clients do not have separate or segregated accounts.
- All Clients' moneys are combined into one account.
- Moneys and other assets in the BBY Trust Account belonging to non-defaulting Clients are potentially at risk of being withdrawn and not being re-paid to the Client even though they did not cause the default. This is because BBY is permitted by law to use the moneys to pay itself for its hedge of your BBY Contract (see "Your Counterparty Risk on BBY" in Section 3). Also, BBY is permitted by law to use Client moneys in the BBY Trust Account to meet obligations incurred by BBY in connection with margining, guaranteeing, securing, transferring, adjusting or settling dealings in derivatives (not just BBY Contracts) by BBY, including dealings on behalf of people other than the Client whose moneys were deposited into the BBY Trust Account, although BBY does not intend to use those legal rights.
- BBY is entitled to retain all interest earned on the money held in the BBY Trust Account.

You make your deposit to the BBY Trust Account by using the unique client reference number we give to you for your BBY Online Trader Account. **This deposit also serves as confirmation of your instruction to BBY to withdraw the deposit as payment for Margin for any BBY Contract you wish to enter using BBY Online Trader. If you do not use the client reference number when making your deposit, BBY may ask you to confirm your instruction before BBY can credit your Account to enable you to enter into a Transaction.**

Use of Client moneys

Pursuant to your Account Terms, you cannot make a payment into the BBY Trust Account without also directing that all of those funds be withdrawn to pay BBY for credit to your Trading Account. Therefore you should only pay into the BBY Trust Account the amount which you are prepared to have withdrawn to pay BBY so it may credit your Trading Account. If you do not want your moneys withdrawn from the BBY Trust Account to fund your Account, then you should not pay the moneys into the BBY Trust Account.

Client moneys are held in the BBY Trust Account until BBY carries out the Client's instruction to withdraw the funds and to credit the Trading Account. The timing of the funds being held in the BBY Trust Account might be for a short time, as little as the same day as your deposit is received or as much as a few days. Pursuant to your Account Terms you make those instructions each time you make a deposit into the BBY Trust Account by using the unique client reference number we give to you. Your moneys are withdrawn from the BBY Trust Account to credit your Trading Account.

BBY's general policy is that it will immediately withdraw from the BBY Trust Account all of the funds you deposit for your Trading Account, even if it is more than the required minimum Margin. If it is not withdrawn from the BBY Trust Account, then, pursuant to the Account Terms, the credit cannot be given to your Trading Account for that amount which remains in the BBY Trust Account and so you cannot trade with the benefit of credit for that amount.

BBY may choose to credit your Trading Account with payment to BBY before it withdraws the funds you have paid into the BBY Trust Account. This may be done to advantage Clients to facilitate dealing in BBY Contracts, having regard to available banking payment procedures. Advanced crediting of your Trading Account should not be expected to be relied upon.

You are free to decide that it is more prudent for you to pay more than the required minimum Margin to avoid time limits for meeting later Margin requirements. Your Account Terms and your directions instruct BBY to withdraw your funds from the BBY Trust Account to pay itself all of the funds you deposit.

This general policy of immediately withdrawing all of your funds will not apply if you have given other written instructions:

- such as to credit other specific Trading Accounts you have with BBY;
- you want the moneys invested in an approved, external financial product, (which will not give you any credit in your Trading Account); or
- the moneys are to be held in the BBY Trust Account while waiting instructions from you.

Withdrawal Authority

Margin is the amount paid to BBY to cover the risk, as determined by BBY, of the open positions of your BBY Contract's. Margin is calculated as a percentage of the full Contract Value at the Current Market Price of the BBY Contracts. Margin is not held on deposit for you. You must pay Margin to BBY for the BBY Contract. You must pay Margin in an amount of at least the minimum required Margin amount.

Since you must pay Margin for the BBY Contract and you control when you place Orders, BBY requires that all of your moneys for payment for your BBY Contract must first be deposited into the BBY Trust Account and then all of it be withdrawn to pay BBY to credit your Account. BBY only accepts your payment into the BBY Trust Account on the basis that it is authorised and directed by you to withdraw all of those funds to pay BBY to your Account, even if it is before you have traded any BBY Contract or, after you have traded, you have paid more Margin than the minimum required Margin. Your acceptance of the Account Terms and your payment to the BBY Trust Account serves as confirmation of your direction to BBY to withdraw all of your funds.

BBY uses the Account Terms, policies and procedures to ensure each Client's payments for BBY Contracts are promptly and fully allocated to that Client's Account.

Consequences of withdrawals from the BBY Trust Account

Moneys are withdrawn from the BBY Trust Account either to pay BBY or to pay you. **Moneys withdrawn from the BBY Trust Account to pay BBY are BBY's own moneys (and are not held for you).**

The law allows BBY (as for any other licensee with a client moneys trust account) to use any Client's moneys in the BBY Trust Account for meeting margin and settlement obligations of any other Client's derivatives.

From the time of withdrawal from the BBY Trust Account:

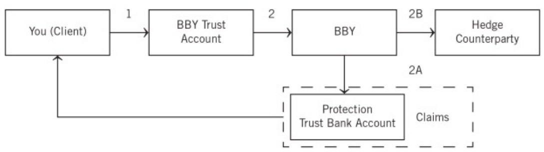
- You lose the protections given to a client moneys trust account of that kind;
- You are an unsecured creditor of BBY for its obligations on the BBY Contracts. This includes exposure as an unsecured creditor for payment to you of the net account balance (if any) after closing all of your BBY Contract positions; and
- You are not beneficially entitled to any moneys paid by BBY to manage those hedge contracts nor do you have any beneficial interest in those hedge contracts unless there is a trigger event (see "Protection Trust").

BBY reduces the risks to you arising from not keeping your funds in the BBY Trust Account (statutory 981B trust account) by:

- using a client moneys trust account (the Protection Trust) dedicated only for Clients using an BBY Online Trader Account (and not mixing its own moneys in it);
- using Client payments made to it only for hedging or managing the hedging of its hedge contracts for Clients' BBY Contracts or for paying fees and charges on the BBY Contracts;
- fully hedging all Clients' BBY Contracts;
- keeping all BBY Contract-related surplus funds not used for paying Hedge Counterparties in a bank account dedicated for this purpose so those funds can only be used in connection with the BBY Contracts, their hedge contracts or fees and charges (and not for general working capital) – more information on this is provided under the heading "Protection Trust" later in this Section;
- managing all Clients' Margin requirements under a policy designed to reduce risk to BBY and therefore benefit all of its Clients.

Important: You should note however that these protections are not the equivalent of keeping all client funds in the BBY Trust Account (statutory section 981B trust account).

B. Margin Call payments



Steps:

Step 1 You (as our Client) pay moneys into the BBY Trust Account with instruction as per the Account Terms that it be withdrawn as payment for Margin.

Step 2 BBY will immediately withdraw all of your money which was deposited, on your instruction in accordance with the Account Terms, from the BBY Trust Account to pay as Margin to BBY.

The funds withdrawn from the BBY Trust Account are paid by BBY into either the Protection Trust Bank Account (Step 2A), or to the Hedge Counterparty (Step 2B). You should note that there is no strict legal obligation on BBY to pay the funds either to the Hedge Counterparty or into the Protection Trust Bank Account, and you lose the protection of the BBY Trust Account once your funds are withdrawn from here.

At or around the same time as step #2, BBY posts the Margin to your Trading Account.

Detailed explanation of Margining of BBY Contracts

Here are the key features of Margining which are explained further in this Section:

- Margin is your payment to BBY for the BBY Contract to be issued to you. The amount of Margin you pay (after it is withdrawn from the BBY Trust Account) is credited to your Trading Account.
- When you have BBY Contracts, you are also liable to meet all calls for Margin.
  - This **obligation is in addition** to your obligation to maintain the minimum required Margin;
  - There is no limit as to when you need to meet Margin calls, how often you may be called or the amount of the Margin calls;
  - The **timing and amount of each Margin call** will depend on movements in the market price of the Underlying Security, contract or asset for the BBY Contracts which you choose and the things that affect the market price of the Underlying Security and changes to the Account Value;
  - You have an obligation to meet the Margin call **even if BBY cannot successfully contact you;** and
  - You have a risk of your **BBY Contracts being Closed Out** if you do not meet the requirement to meet a Margin call.
- When you have BBY Contracts, you are obliged to maintain at all times the **minimum Margin** for all of your BBY Contracts.
  - It is **your obligation to monitor** the minimum amount of Margin required for your Account;
  - It is **your obligation to maintain the minimum Margin** at all times for so long as you have an Open Position in a BBY Contract which is ensuring the Margin Cover amount is positive at all times;
  - **BBY is not obliged to notify** you about the amount of your Margin Cover, though we may do so by email, telephone call or otherwise, as a courtesy; and
  - You have a risk of your **BBY Contracts being Closed Out** if you do not have in your Account sufficient Margin credited to it, regardless of whether you have checked your Account's requirement for minimum Margin or whether you have tried to make a payment but it has not been credited to your Account.

Margin policy

BBY's applies the following main Margin principles:

- Each Client is required to pay a minimum required amount of Margin before issuance of BBY Contracts. The minimum amount is determined by BBY based on a number of factors, including the market price of the Underlying Security, the Margin required to hedge the Underlying Security, the Margin which BBY is required to pay its Hedge Counterparty and BBY's risk assessment of the Client, and any unrealised loss on your Trading Account at any point in time.
- Each Client is required to pay Margin before issuance of the BBY Contracts in order to minimise credit risk to BBY.
- Each Client is required to pay the minimum required Margin even if BBY pays less to its Hedge Counterparty.

This is to minimise the risk of any one Client benefiting from other Clients' BBY Contract trading.

- Clients benefit from the Protection Trust by BBY holding under this trust the benefit of the Claims and Surplus only for BBY Contract dealings, upon the occurrence of a trigger event until BBY Contract Clients are paid out. For a further explanation on how the trust gives you better protection, and more detail on the trigger events, please refer to the paragraph entitled "Protection Trust" later in this Section 3.
- Each Client's Account is promptly adjusted for Margin requirements according to market movement.
- Each Client is required to pay Margin calls promptly and that is managed within the requirements of the Margin policy.
- The total amount of Margin required of, and paid by, Clients trading in BBY Contracts is more than BBY is required to pay its BBY Contract Hedge Counterparty, with the Surplus being retained in the Protection Trust.

Paying Margin

As explained earlier in this PDS, you must pay the Initial Margin before the BBY Contracts are issued to you. You must then maintain the minimum amount of Margin required by us. Separately, you must pay any further Margin when we require.

To pay Margin you must deposit the funds into the BBY Trust Account. The funds are then withdrawn and paid to BBY and credited to your Trading Account.

Your payment to BBY is effective only when cleared funds are withdrawn from the BBY Trust Account. BBY policy is that it does not accept your copy of your payment instructions into the BBY Trust Account as evidence of cleared funds. However, BBY may, in its discretion, choose to credit your Trading Account before it withdraws your money from the BBY Trust Account. Under your Account Terms BBY is authorised to withdraw all of the funds which you deposit into the BBY Trust Account and to credit those funds to your Trading Account. Do not make any payment into the BBY Trust Account unless you agree that all of those funds will be withdrawn in payment to BBY (for Margin and for fees and charges).

How are Margin requirements and Margin Cover calculated?

BBY sets the amount of the Initial Margin requirements and, at any later time, may require more Margin to maintain the required amount of Margin Cover.

The Initial Margin requirements will be set by BBY and calculated as a percentage of the full Contract Value at the Current Market Price of the BBY Contracts.

Initial Margin requirements are calculated to cover the maximum expected movement in the market at any time but will change when the market changes and might not be sufficient in all circumstances. Owing to the volatility of the market, the amount of minimum Margin Cover required to maintain the Open Positions may change after a position has been opened, and you need to ensure the Margin Cover is positive at all times.

Therefore you should be aware that you can reach the stage of not having enough Account Value due to unrealised losses on your CFD positions (because they will be marked to market) to the extent that your Account's Margin Cover is negative. In this case you have not satisfied your obligation to maintain the minimum Margin requirements. The change in valuation of your BBY Contracts by this marking to market the values is automatic so your Margin Cover can become negative quickly, reflecting the rapid changes in the marking to market values.

In order to return your Margin Cover to positive, i.e., to satisfy the minimum Margin requirements, you may:

- Close Out existing positions to reduce your Margin requirements; or
- pay additional funds as Margin for your Account; or
- a combination of the above.

If these actions are not taken to return your Margin Cover to positive then you risk all or some of your positions being automatically Closed Out.

Under the Account Terms, your obligation to pay Margin arises from the time you have an Open Position. If the market moves so the Margin Cover is negative, or BBY increases the Margin requirement, you immediately owe the required Margin, regardless of if or when we contact you to pay more Margin.

Your obligation is to maintain the minimum required Margin i.e. ensuring the Margin Cover amount is positive at all times, whether or not we contact you and whether or not you log into your BBY Online Trader.

You will be required to provide the required Margin whether or not you receive a Margin call. In other words, you are responsible for monitoring your positions and providing the required level of Margin. You might receive notice about Margin requirements by email, SMS message or, when you access your BBY Online Trader, by pop-up messages on your screen, but you need to provide the Margin whether or not you receive notice.

The value of your BBY Contract positions is ordinarily marked to market on a continuous basis, which automatically leads to corresponding changes in Margin Cover requirements for your Account. However, at weekends or at other times when trading on the Exchange relevant to the Underlying Security is closed, some Margin requirements automatically increase.

Here is an example of calculating Margin Cover (ignoring fees, charges and interest): You deposit $8,000 and that is withdrawn to pay BBY as Margin in order for your Trading Account to be credited with $8,000. You enter into a BBY CFD and for that BBY requires you to pay Initial Margin of $7,000, leaving Withdrawable Funds of $1,000. A short time later, there are fluctuations in the market and your unrealised loss on your Account is $2,000. As a result, your Margin Cover is negative $1,000. In this case, you will need to make a Margin payment to BBY for at least $1,000 or close some of your BBY CFDs. You should be aware that if the market moves rapidly against your positions, those positions (or all of your positions) are at risk of being automatically Closed Out, without any opportunity for you to avoid Close Out and you must are not entitle to receive or expect to receive any Margin call or other notice.

Margin calls

Notwithstanding that you are not entitled to receive, or expect to receive, any Margin call or other notice, BBY may forward you a Margin call. Apart from your obligation to maintain the required amount of Margin, you are also obliged to meet Margin calls by paying the required amount by the time stipulated in the Margin call.

- BBY may stipulate a time required by which the margin call must be met. Sometimes, however (such as in unusually volatile market conditions or rapidly falling market prices), little or no time may be stipulated for paying a Margin call (that is, immediate payment is required) or more than one Margin call may be made on the one day including at weekends or outside of local business hours.
- If you do not answer the telephone on the number you give us, or you do not read the emailed Margin call which was sent to the email address you gave us, you remain liable to meet the Margin call.

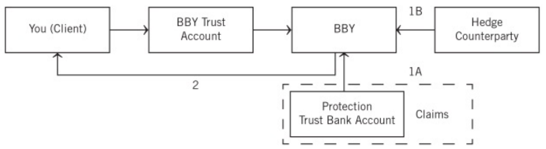
Your Margin defaults

If you do not ensure that you maintain the required level of Margin or meet your obligation to pay Margin calls (even those requiring immediate payment), all of your positions (not just your BBY Contracts) may be Closed Out and the resulting realised loss deducted from any proceeds. Any losses resulting from Closing Out of your Open Positions will be debited to your Trading Account(s) and you may be required to provide additional funds to BBY to cover any shortfall. You must read the rules of the BBY Online Trader particularly carefully. If you do not comply with your obligations, all of your Open Positions can be Closed Out automatically.

It is your responsibility to pay your Margin and meet Margin call payments on time and in cleared funds, so please keep in mind the possibility of delays in the banking and payments systems. If cleared funds are not received by BBY by the time you are required to have the necessary Margin or to meet the Margin call, you could lose some or all of your positions. BBY may but need not give you any grace period. You should maintain a prudent level of Margin and make payments in sufficient time to be credited to your Account. Please see "Margin risks" in Section 4.

BBY allows you to make payment in a number of ways. The most efficient way is by BPay® with a unique number for your Trading Account. Since those payment details may be unique to you, please contact your BBY advisor for arranging your payment methods.

C. Margin Cover Surplus Requirements



Steps:

Assume that you (as our Client) have excess Margin, i.e., the Margin Cover amount is positive and you request payment of an amount not exceeding Withdrawable Funds.

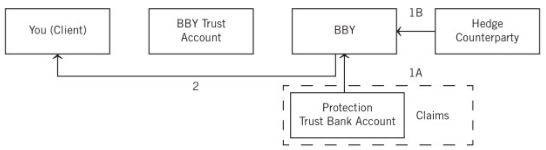
Step 1 BBY sources funds for payment to you (which will be step #2) either from:

- its Protection Trust Bank Account (1A) or
- from the Hedge Counterparty (1B).

Note that the source could be either or both of those places. Any funds sourced from the Hedge Counterparty could go directly to you or they could go into the Protection Trust Bank Account before being paid to you, whichever is more efficient on the day. Note that these funds do not go into any other BBY bank account.

Step 2 BBY pays funds into your nominated bank account.

D. BBY Contracts Close Out and return of surplus funds



Steps:

You (as our Client) Close Out the BBY Contracts, realising a gain. Your Account has a net credit balance above any remaining minimum required Margin (if any remains).

You request payment of the Withdrawable Funds.

Step 1 BBY sources funds for payment to you (which will be step #2) either from:

- its Protection Trust Bank Account (1A); or
- the Hedge Counterparty (1B).

Note that the source could be either or both of those places. Any funds sourced from the Hedge Counterparty could go directly to you or they could go into the Protection Trust Bank Account before being paid to you, whichever is more efficient on the day. Note that these funds do not go into any other BBY bank account.

Step 2 BBY pays funds into your nominated bank account.

3.10 CFD Order Types

Different types of Orders are available on BBY Online Trader. You will be able to find out information about Orders that apply on BBY Online Trader when you log in. Information about Orders is also available in the Help section of the BBY Online Trader. The following are examples of Order types that may be available to you. If you have any questions, please contact BBY.

Important notice about this Section

When you request to place one of the types of Orders described in this Section, we have discretion whether or not to accept and execute any such Order. We will, at our discretion, accept or reject placement of any Orders. With CFDs the price at which we accept an Order to trade will generally be on the basis of filling the full volume of the Order in one Transaction otherwise it will be partially filled and later completed in other Transactions.

Limit Order

Limit orders are commonly used to enter a market and to take profit at predefined levels.

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

When a limit order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your Order is filled may differ from the price you set for the Order if the opening price of the market is better than your limit price. In the case of CFDs, the order will be filled if possible, and any remaining volume will remain in the market as a limit order.

Market Order

A market order is an Order to buy or sell at the current market price as soon as possible i.e., if the market is closed, the Order will be executed when the market opens.

Order duration

The following Order types will remain valid for the times described below but whether they can be executed depends on the relevant Exchange being open.

Good till cancelled (GTC)

This Order is valid until either it is manually cancelled or it is executed because the necessary market conditions have been met.

One Week

This Order is valid one week from the Order's original date e.g., if an Order is placed on 6 February, then the Order is valid until the 13 February 17:00 New York time.

One Month

This Order is valid one month from the Order's original date e.g., if an Order is placed on 6 February, then the Order is valid until 6 March 17:00 New York time.

Day order (DO)

This Order is valid until the end of the day. The end of the day is 17:00 New York time on the day that you place the Order.

End of Week

This Order is valid until end of current week e.g., if an Order is placed on a Tuesday, then the Order is valid until 17:00 New York time on Friday of the same week.

End of Month

Order valid until end of current month e.g., if an Order is placed 6 August, then the Order is valid until 31 August 17:00 New York time. However, if the last day of the month is not a business day, the Order is valid until the last business day of the month e.g., 30 August 17:00 New York time.

End of Year

This Order is valid until end of current year e.g., if an Order is placed 6 August, then the Order is valid until 31 December 17:00 New York time. However, if the last day of the year is not a business day, the Order is valid until the last business day of the year e.g., 30 December 17:00 New York time.

Select date

Select date allows you to select any date.

How to Place a Related Order

Several types of related Orders are available. An "If Done" Order consists of two Orders: A primary Order that will be executed as soon as market conditions allow it, and a secondary Order that will be activated only if the first one is executed.

An "One Cancels the Other" (O.C.O.) Order consists of two Orders. If either of the Orders is executed, the related Order is automatically cancelled.

3-way contingent Orders are where 2 Orders are placed if a primary (If Done) Order is executed. These Orders are themselves related as O.C.O. Orders allowing both a stop loss and a profit taking Order to be placed around a position.

Stop-Loss Orders

BBY may, in its discretion, accept an Order from you to close a BBY Contract if the price moves to or beyond a level specified by you. This is known as a "stop-loss order".

You would generally choose to place a stop-loss order to provide some risk protection. Stop-loss orders are commonly used to exit positions and to protect investments in the event that the market moves against an Open Position.

For example, if your Open Position moves towards making a loss based on a level chosen by you, the stop-loss order would be triggered in order to close your Open Position.

Stop-loss orders to sell are placed below the current market level and your stop-loss order would be executed i.e., triggered if our bid price (this stop-loss order requires an Order to sell a BBY Contract) moves against you to a point that is beyond the level specified by you (and accepted by us). Conversely, Stop orders to buy are placed above the current market level and your stop-loss order would be executed i.e., triggered, if our offer price (this stop-loss order requires an Order to buy a BBY Contract) moves against you to a point that is beyond the level specified by you (and accepted by us). Note that stop loss orders may not be executed at all if market conditions are not met.

All stop-loss orders are subject to agreement by us, so you cannot be assured that you will always be able to have a stop-loss order. While BBY has absolute discretion whether to accept a stop-loss order, it will generally try to do so, subject to market conditions and the reasonableness of your stop-loss order. Your Order may be unreasonable if, for example, the level you have specified is beyond the level allowed for Orders for the Underlying Security or trading in the Underlying Security has been halted or suspended on the Exchange.

Even if we accept your stop-loss order, market conditions may move against you in a way that prevents execution of your stop-loss order. For example, in volatile markets, our quoted prices might gap though your stop-loss order level, so that the closing level of quotes may be beyond the exact level specified by you. A gap in market prices reflects the market for the security, so can occur for any reason, without any apparent reason or at any time. Additionally, it may be that not all of the stop-loss order can be fulfilled because the underlying market does not have enough buyers and sellers in the volume of the Underlying Security to allow BBY to hedge its transactions which it makes in order to completely fulfil your stop-loss order. If the opening price of the Underlying Security is beyond the level of your stop-loss order, your Order will be filled at the opening level, not at your stop-loss order level.

Stop Limit Order

A Stop Limit order is a variation of a Stop-loss order, with a lower/higher limit price to suspend trading if the price falls/rises too far before the order is filled. This effectively restricts trading to a defined price range.

A stop limit order means that the Order will not get filled at all beyond the limit of the Order. This means that if the new or opening price gaps beyond your stop limit order, your Order will not be filled at all.

Stop If Bid Order

Stop If Bid Orders are commonly used to buy the specified Transaction in a rising market. If the price level specified is actually Bid on the market, the Order will be filled at the ask price. For example, you sold EURUSD (currently trading at 1.2797 bid / 1.2800 ask) and place a stop bid to buy at 1.2802. When the bid hits or breaches 1.2802, the position will be Closed Out (EURUSD would be bought) at the ask price. Assuming that the spread is 3 Pips at that time, the Order will get executed at 1.2805. If, however, only the ask price hits 1.2802 then the Order will not be executed. BBY recommends the use of Stop If Bid Orders only to buy FX Product positions. The use of Stop If Bid Orders to sell FX positions can result in positions being prematurely Closed Out if a market event causes the Bid/Ask spread to widen for a short duration.

Stop If Offered Order

Stop If Offered Orders are commonly used to sell the specified Transaction in a falling market. If the price level specified is actually offered in the market, the Order will be filled at the bid price. For example, you are buying EURUSD (currently trading at 1.2797 bid / 1.2800 ask) and place a Stop If Offered Order to sell at 1.2795. When the ask price hits or breaches 1.2795, the position will be Closed Out (EURUSD would be sold) at the bid price. Assuming that the spread is 3 pips at that time, the Order will get executed at 1.2792. If, however, only the bid price hits 1.2795, the Order will not be executed. BBY recommends the use of Stop If Offered Orders only to sell FX Product positions. The use of Stop If Offered Orders to buy FX positions can result in positions being prematurely Closed Out if a market event causes the Bid/Ask spread to widen for a short duration.

Trailing Stop

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

Example:

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

When setting the stop price you should consider how close to the current market price you wish to set it, especially in a volatile market, as the stop price might be hit before the price starts to go up/down as you expect. As always when trading with BBY Online, you should carefully consider how much you can afford to lose, if your prediction does not hold.

In any case, the stop loss order, of any kind, is not a guarantee that it will actually be made. This is the case with any Order you place (and which is accepted by BBY) as long as it is made in accordance with the Account Terms. For example, BBY's Hedge Counterparties are required to ensure there is an orderly market, so their trading may be stopped by them or modified (by way of converting a stop loss order to them to a stop limit order) in order to comply with their obligation to maintain an orderly market. That means the stop loss order you place with BBY will be similarly affected, since BBY hedges its BBY Contracts issued to you by making corresponding orders with its Hedge Counterparties.

Trailing Stop If Bid

A Trailing Stop Order is an Order that trails the Bid (Sell) price instead of the market price.

Trailing Stop If Offered

A Trailing Stop Order is an Order that trails the Offer (Ask) price instead of the market price.

3.11 Trading BBY FX and Metals

When you trade FX Products, you trade a combination of two currencies (known as a currency pair). An FX Product is opened by either buying or selling the currency pair. The buying or selling is in reference to the buying or selling of the Trade / Base Currency. For example if you were buying USDJPY, you would be buying USD by selling JPY, whereas if you were selling JPYUSD you would be selling JPY and buying USD.

A Metal Product is opened by either buying or selling the metal traded against USD, EUR, JPY, AUD or HKD. The buying or selling is in reference to the buying or selling of the Spot metal. For example if you were buying XAUUSD, you would be buying gold by selling USD, whereas if you were selling XAGBP, you would be selling silver by buying GBP.

3.12 Risk Limits

BBY seeks to impose a limit of the Margin Utilisation not exceeding 150%. This is an internal process only and not a contractual term or assurance to you that any internal risk limit will avoid or minimise your losses on your Account. You should not rely on this as a loss limiting tool for your Account.

BBY may, in its discretion, choose to impose a lower risk limit from time to time and later to vary that risk limit. This is an internal risk management decision of BBY.

You should always set your own risk limits and monitor your positions.

3.13 Short CFDs

When dealing in short BBY CFD positions, you are likely to be affected by the laws and Exchange rules in the country as they apply to short selling of the Underlying Security.

For example:

- BBY CFDs with Underlying Securities traded on USA Exchanges: an up-tick rule applies where you can only short sell on an up-tick (which means a selling price that is higher than the last price).
- BBY CFDs with Underlying Securities traded on the ASX: you may experience limitations on the amount of BBY CFDs you can short trade in a single day, due to limited borrowing availability for the Underlying Security in the underlying market (see also risk limits in Section 3.14).

When dealing in short BBY CFDs, you can experience forced Close Out of a position if your BBY CFDs get recalled (which is a common way of referring to early Close Out of your CFD as a result of to the hedge contract for your CFD being Closed Out early due to Hedge Counterparty being required to deliver the Underlying Security to its own Hedge Counterparty). The risk is particularly high if the stock becomes hard to borrow for reasons such as take-overs, dividend announcements, rights offerings, other merger and acquisition activities, or increased hedge fund selling of the Underlying Security.

You should obtain a copy of the rules of the Exchange relevant to you by accessing the Exchange's website or you can contact BBY for assistance in identifying the relevant rules.

3.14 Order Acceptance and market conduct

All market participants (including BBY) have a legal obligation to ensure that the markets are fair, orderly and transparent. BBY Clients should be aware that some practices when placing Orders can constitute market manipulation or creating a false market which is conduct prohibited under the Corporations Act. It is the Client's responsibility to be aware of unacceptable market practices and the legal implications. The Client may be liable for penalties to regulators such as ASIC or be liable to BBY for costs to BBY arising out of those trading practices of the Client which lead to the Client, BBY or any other person suffering loss or penalty.

Additionally, Clients should be aware that BBY is entitled to refuse to accept an Order if BBY believes that the Order (if executed) might constitute market manipulation or create a false market (or any other conduct prohibited under the Corporations Act or other laws or rules).

3.15 Closing a BBY Contract

BBY Contracts, except for Commodity CFDs, do not have an expiry date, they remain Open until they are Closed Out. With most CFDs you can hold the position for as long as you like. This may be for less than a day, or for months. Commodity CFDs will expire if the Underlying Futures Contract expires. One way of Closing Out a BBY Commodity CFD automatically is to let it expire in accordance with the expiry of the Underlying Futures Contract (refer to the Section under "expiry of Commodity CFDs" for details of the expiry date of Commodity CFD as compared with the expiry date of the Underlying Futures Contract).

If you wish to close a BBY Contract position before it expires, you enter into a BBY Contract which is equal and opposite to the open BBY Contract. To close a 'bought' or 'long' CFD you sell, and to close a 'short' or 'sold' CFD you buy.

To effect this, you contact BBY, either directly or via BBY Online Trader, to determine the current market value of the BBY Contracts, with the view to closing the BBY Contract position (or part of it).

The Bid and Offer will be quoted on BBY Online Trader. You will then decide whether to accept the Bid/Offer and, if so, you would place an Order to Close Out your Open Position. In volatile markets the price quoted may not be available by the time that you chose to accept the price offered and you may require another quote.

The following should be taken into consideration in regard to netting:

- Netting out positions is done on a "FIFO" (first in, first out basis). For example, if you open two positions (same BBY Online Trader Product and amount) 6 months apart - e.g. buy 100,000 of BBY Online Trader Product "A" in February and then buy 100,000 of BBY Online Trader Product "A" in August and then sell 100,000 of BBY Online Trader Product "A", the position which you opened in February will be netted out unless you choose another position to be closed out.
- If you do not want the positions to net out, then you must place a related limit or stop Order to one or both of the positions. However you should be aware that by not netting out positions, additional fees and charges will be incurred as both positions would be treated as Open Positions.
- If there are related Orders for example a related limit or stop Order attached to an Open Position, then by entering into an equal and opposite position to the Open Position these positions will not be netted out and you should be aware that by not netting out positions additional fees and charges will be incurred as both positions would be treated as Open Positions.

At the time that the BBY Contracts are closed, BBY will calculate the remaining payment rights and obligations to reflect movements in the Contract Value since the previous business close (including other credits/debits), excluding Finance Charges which are posted at month end or on closing the Account. Because you enter into a BBY Contract to Close Out the existing BBY Contract, there may be a Transaction Fee on the BBY Contract used to close the position – see Section 5 on "Costs, Fees and Charges".

In order to provide the BBY Contracts in an efficient and low-cost manner, BBY has discretion in determining closing prices. In general, without limiting BBY's discretion, it should be expected that BBY will have regard to a range of relevant factors, such as the value of the hedge contract taken by BBY to hedge its BBY Contracts issued to you, the closing price of the Underlying Security for the BBY Contract, any foreign currency exchange rates which are relevant due to the denomination of your BBY Contracts or Trading Accounts and any suspension or halt in trading of the Underlying Security. In the worst case, it is possible that the closing price determined by BBY maybe zero.

BBY also has the right to decide to make an adjustment in any circumstance if BBY considers an adjustment is appropriate. BBY has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

BBY may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Although there are no specific limits on BBY's discretions, BBY must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

The amount of any profit or loss you make on a BBY Contract will be based on the difference between the amount paid for the BBY Contract when it is issued (including fees and charges) and the amount credited to your Trading Account when the BBY Contract is Closed Out (including allowance for any fees and charges).

3.16 Expiry of Commodity CFDs

It should be noted that, like futures, all Commodity CFDs expire at a specified date in the expiry month and are only ever cash settled. A BBY Commodity CFD whose Underlying Futures Contract is deliverable is not a deliverable CFD.

All Open Commodity CFD Positions will be closed on the Underlying Futures Contract expiry date or must be rolled into the next available contract month by the CFD Client since BBY does not support the automatic rolling of Commodity CFD Open Positions.

BBY advises you to be aware of the expiry and first notice dates of any futures contracts which are the Underlying Futures Contract of the Commodity CFDs in which you invest and ensure that you Close your BBY Commodity CFD position before the Commodity CFD's expiry date, otherwise it will be Closed Out by BBY.

If you do not close a Commodity CFD position before the CFD's expiry date, which generally is always 2 days prior to the Underlying Futures Contract 's expiry date or notice date (whichever is first). BBY reserves the right to automatically Close your Commodity CFD position for you at the first opportunity available to BBY at the prevailing market price. Any resulting costs, gains or losses will be passed on to you.

The specific expiry date for individual Commodity CFDs is displayed on the order ticket when the Order is placed. The expiry date of the Commodity CFD, with reference to the expiry date or first notice date of the Underlying Futures Contract, can be found on the BBY Online Trader under the Trading Conditions.

If you require any assistance or clarification regarding the expiry of the Underlying Futures Contracts for your Commodity CFDs, please contact your BBY advisor.

3.17 Closing a BBY Futures Contract

BBY Futures Contracts will expire if the Underlying Futures Contract expires (see later under "expiry of Futures Contracts and Close Out by BBY"). So, one way of Closing Out a BBY Futures Contract is to let it expire in accordance with the expiry of the Underlying Futures Contract. If the Underlying Futures Contract is a Futures Contract which has its own expiry date, then the BBY Futures Contract will expire coinciding with the expiry of that Futures Contract (if not terminated earlier).

If you wish to close a BBY Futures Contract position before it expires, you enter into an BBY Futures Contract which is equal and opposite to the open BBY Futures Contract.

To effect this, you contact BBY, either directly or via BBY Online Trader, to determine the current market value of the BBY Futures Contract, with the view to closing the BBY Futures Contract position (or part of it).

The Bid and Offer will be quoted on BBY Online Trader. You will then decide whether to accept the Bid/Offer and, if so, you would place and Order to Close Out your Open Position.

At the time that the BBY Futures Contract is closed, BBY will calculate the remaining payment rights and obligations to reflect movements in the Contract Value since the previous business close (including other credits/debits). Because you enter into a BBY Futures Contract to Close Out the existing BBY Futures Contract, there may be a Transaction Fee on the BBY Futures Contract, used to close the position – section 5 on "Costs, Fees and Charges".

In order to provide the BBY Futures Contracts in an efficient and low-cost manner, BBY has discretion in determining closing prices. In general, without limiting BBY's discretion, it should be expected that BBY will have regard to a range of relevant factors, such as the value of the hedge contract taken by BBY to hedge its BBY Futures Contract issued to you, the closing price of the Underlying Futures Contract for the BBY Futures Contract, any foreign currency exchange rates which are relevant due to the denomination of your BBY Futures Contract or Trading Accounts and any suspension or halt in trading of the Underlying Futures Contract. In the worst case, it is possible that the closing price determined by BBY maybe zero.

BBY also has the right to decide to make an adjustment in any circumstance if BBY considers an adjustment is appropriate. BBY has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

BBY may elect to close a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Although there are no specific limits on BBY's discretions, BBY must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

The amount of any profit or loss you make on a BBY Futures Contract will be based on the difference between the amount paid for the BBY Futures Contract when it is issued (including fees and charges) and the amount credited to your Trading Account when the BBY Futures Contract is Closed Out (including allowance for any fees and charges).

3.18 Closing Out FX Products and Metal Products

FX Products and Metal Products which cannot be settled by physical or deliverable settlement of the currencies or spot metals on the Settlement Date do not have an Expiry Date and will be continuously rolled until they are Closed Out.

If you wish to Close Out an FX Product or an Metal Product before it expires, you enter into an FX Product or Metal Product (as the case may be) which is equal and opposite to the open FX Product or Metal Product, which generates a profit or loss. Any realised profit or loss will be credited/ debited to your Account on the Settlement Date/Value Date and will be converted into the relevant currency accordingly - refer to section 6 "accounts denominated in foreign currency". This is referred to as netting out positions.

To effect this, you contact BBY, either directly or via the online trading platform, to determine the current market price of the FX Product or Metal Product, with the view to closing the FX Product or the Metal Product position (or part of it).

BBY will confirm the current prices for the FX Product or the Metal Product and you will then decide whether to accept the value, and if so, you would instruct BBY to Close Out your Open Position in accordance with your instructions. In volatile markets the Transaction Price quoted to you may not be available by the time that you chose to accept the price offered and you may require another quote.

The following should be taking into consideration in regard to netting:

- Netting out positions is done on a "FIFO" (first in first out basis). For example, if you open two positions (same BBY Online Trader Product and amount) 6 months apart - e.g. buy 100,000 of the BBY Online Trader Product "A" in February and then buy 100,000 of BBY Online Trader Product "A" in August and then sell 100,000 of BBY Online Trader Product "A", the position which you opened in February will be netted out unless you choose another position to be closed out.
- If you do not want the positions to net out, then you must place a related limit Order or stop Order to one or both of the positions. However you should be aware that by not netting out positions additional fees and charges will be incurred since both positions would be treated as Open Positions.
- If there are related Orders for example a related limit Order or a stop Order attached to an Open Position, then by entering into an equal and opposite position to the Open Position, these positions will not be netted out and you should be aware that by not netting out positions additional fees and charges will be incurred since both positions would be treated as Open Positions.

At the time that the FX Product or Metal Product is Closed Out, BBY will calculate the remaining payment rights and obligations to reflect movements in the Account Value since the previous business close (including other credits/debits), although Finance Charges in respect of any amounts owing on your Account are posted at month end or on closing the Account. As you are required to enter into an FX Product or a Metal Product to Close Out the existing FX and Metals Product, there may be a Transaction Fee on the BBY FX and Metals Product used to close the position – see Section 5 on "Costs, Fees and Charges".

In order to provide the BBY FX and Metals Products to you in an efficient and low-cost manner, BBY has discretion in determining closing Transaction Prices.

In general, without limiting BBY's discretion, it should be expected that BBY will act reasonably and have regard to a range of relevant factors at the time, such as the value of the hedge contract taken by BBY to hedge its FX Product and Metal Product issued to you, the closing price of the FX Product and Metal Product and any foreign currency exchange rates which are relevant due to the denomination of your BBY FX and Metals Products or Trading Accounts. In the worst case, it is possible that the closing Transaction Price determined by BBY may be zero.

BBY also has the right to decide to make an adjustment in any circumstance if BBY considers an adjustment is appropriate. BBY has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

BBY may elect to Close Out a position (without prior notice to you) if an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment.

Although there are no specific limits on BBY's discretions, BBY must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly.

The amount of any profit or loss you make on an FX Product or a Metal Product will be based on the difference between the amount paid for the FX Product and Metal Product when it is issued (including fees and charges) and the amount credited to your Trading Account when the FX Product and Metal Product is Closed Out (including allowance for any fees and charges).

The Profit or loss for FX Products is denominated in the Price / Term Currency and for Metal Products it is denominated in the currency which the metal is traded against being USD, EUR, JPY, AUD or HKD.

Profits and/or losses are realised if both the buy and the sell side of the transaction have been completed and have been matched against each other or Closed Out. Profits and/or losses are unrealised if only one side of the transaction has been completed i.e. it remains an Open Position.

3.19 Closing Out and Expiry of Vanilla Options

Options have a limited term and expire on their Expiry Date. The term of the Option and its Expiry Date form part of the contract specifications of the Transaction.

Exercising Options is only possible on the Expiry Date since all Options are European-style Options (instead of being “American” style, which allows expiry before the Expiry Date). At the Expiry Date, BBY automatically exercises the Option if the Option is “in the money” (meaning, if it has any intrinsic value) into a Spot FX Product or Spot Metal Product without the need for any intervention by you.

You may also choose the cash exercise method in which case BBY will automatically exit the Spot FX Product or Spot Metal Product when the Option expires in which case the Spot FX Product or the Spot Metal Product is exited at the current price. Changing the exercise method is possible up to 1 hour prior to the Option expiry.

If you wish to Close Out an Option position before the Expiry Date, you enter into an Option which is equal and opposite of the open Option.

The purchaser of an Option, whether it is a Call Option or a Put Option, has a known and limited potential loss.

If a purchased Option expires worthless, the purchaser will lose the total value paid for the Option (known as the premium), plus transaction costs.

Selling (also known as “writing”) Options may incur considerably greater risk than purchasing Options. The premium received by the seller of an Option is fixed and limited, however, the seller may incur losses greater than that amount.

3.20 Closing Out and Expiry of Binary Options

When Binary Options reach either the trigger level or expiry they immediately exercise. All Binary Options are cash settled instantly at the time of exercise, which for a One Touch Binary Option is once the trigger level is reached, and for a No Touch Binary Option, once maturity is reached without reaching the trigger level. A Trigger level is considered reached if the mid-price of the spot of the underlying price of the currency pair reaches the Trigger level.

BBY Binary Options automatically exercise at 10:00 New York time (New York cut) on the day of expiry.

Binary options do not have to be held until expiry, you can chose to close out an option position prior to its expiry date.

3.21 Settlement of Binary Options

Although profit and loss from a closed Binary Option (e.g buying and selling an option before it exercises/expires) will be available for trading other products or for margin trading, final settlement is done end of day (EOD) just like for Vanilla Options.

Positions with price and payout in a currency different from the account currency will have the premium and payout converted to the accounts currency at the EOD rate. This applies to initial positioning, squaring of existing positions and positions being triggered, including conversion of realised profit and loss to the account currency.

3.22 TOM/NEXT Rollover

Open FX Products and Metal Products held at the end of a trading day at 17:00 New York local time will be rolled over to a new Settlement Date/Value Date on a Spot basis being TOM/NEXT rollover basis (i.e. rolled from tomorrow to the next day) immediately after the change of the trading day.

As you are speculating on FX and Spot metal Transactions and not actually taking delivery (settlement), then positions are never allowed to reach their Value Date but instead are ‘Rolled Over’ to a new Value Date. So if the position we opened on Monday is still open on Tuesday, it will be closed then reopened again immediately with the new Value Date of Thursday.

This will ensure that if a Close Out FX Product or Spot Metal Product is entered into, the Settlement Date/Value Date of the Close Out Product or Spot Metal Product Spot Metal Product has the same Settlement Date/Value Date as the rolled FX Product so the position can be matched and Closed Out on the Settlement Date.

Refer to the Section 5 fees and charges for the Swap Fee.

3.23 Your Counterparty Risk and Credit Risk

When you deal in BBY Contracts, you have counterparty risk with BBY (and indirectly with the Hedge Counterparty). Counterparty Risk is most simply defined as the potential that a counterparty will fail to meet its obligations in accordance with agreed terms. An element of counterparty risk is “credit risk”. BBY credit risk is the potential that BBY will not have the financial resources to pay you the amounts it owes you when those amounts are due. The credit risk you incur when entering a BBY Contract is impacted by the “limited recourse” nature of BBY Contracts. BBY credit risk is affected by BBY limiting the amount it is obligated to pay you with respect to a BBY Contract to that amount which it is able to proportionally recover from the Hedge Counterparty for your BBY Contract. Refer to the paragraph headed Limited Recourse below for further information about this.

Your credit risk on BBY

You have credit risk on BBY when your Account Value is positive because your funds are not held in the BBY Trust Account but are withdrawn from that account to credit to your Trading Account (which is not a trust account).

Your credit risk on BBY:

- depends on the overall solvency of BBY, which is affected by BBY risk management;
- is affected by your limited recourse against BBY; and
- is improved by the protections adopted by BBY through its Protection Trust (explained further in this Section 3 under “Protection Trust”).

The moneys withdrawn from the BBY Trust Account and credited to your Trading Account are payment by you to BBY and as such the funds become the property of BBY. It is normal practice for BBY to use these funds only for immediate payment to the Hedge Counterparty, payment into the Protection Trust Bank Account (which is not the BBY Trust Account and has less protection than the BBY Trust Account) or payment for fees and other amounts due to BBY. However, there is no strict legal obligation for BBY to only use the funds in this way. Please refer to the headings entitled “Protection Trust” and “Hedge Counterparty” below for more information.

Since BBY acts on your authorisation to withdraw all of the funds which you deposit as your payment of Margin for your Trading Accounts, there is more of a credit risk to you when the moneys are withdrawn and paid to BBY (even where your funds sit in the Protection Trust) than if the funds sat permanently in the BBY Trust Account. When your funds are withdrawn from the BBY Trust Account and credited to your Trading Account, you are taking on BBY credit risk because you become an unsecured creditor of BBY.

Your BBY credit risk is managed and reduced by BBY:

- applying its risk management policy and Margin Policy designed to reduce risk to BBY.
- fully hedging all Clients’ BBY Contracts.
- generally keeping all BBY Contract-related funds not used for paying Hedge Counterparties or fees due to BBY in a bank account dedicated for this purpose. Once in the

Protection Trust Bank Account, those funds can only be used in connection with the BBY Contracts, their hedge contracts or fees and charges (and not for general working capital) – more information on this is provided under the heading “Protection Trust” later in this Section.

- BBY using the funds paid as Margin by Clients only for hedging the BBY Contracts (including managing its own margin obligations on these hedges) and for fees and charges payable to it.

Hedging using the amounts you pay

Once an Order for a BBY Contract is accepted, BBY will, at or about the same time, enter a similar transaction (in its own name, on its own account) with another market participant (a Hedge Counterparty) to hedge fully the BBY Contract entered into with you. BBY will have little or no direct market exposure to later changes in the value of the Underlying Security.

In order to enter into those transactions, BBY is usually required to pay for its hedge or to deposit moneys with the Hedge Counterparty to maintain BBY’s open hedge position. BBY funds this payment obligation to its Hedge Counterparty from the proceeds of your Margin. Note that the amount of Margin BBY receives from clients is generally more than what is required as margin for the hedge positions. BBY keeps any surplus Margin not required by the Hedge Counterparty in the Protection Trust bank Account because BBY has strict liquid capital requirements imposed on it by the ASX and so is confident that it will remain solvent. BBY therefore considers that it is preferential that money owed to clients stays under BBY’s control in the Protection Trust Bank Account rather than being sent to BBY’s Hedge Counterparty when it is not required by them. Although BBY is confident of its Hedge Counterparty’s solvency also, BBY does not have any control over the Hedge Counterparty’s solvency and where the surplus funds are held by the Hedge Counterparty, it means another step is involved for the funds to be returned from the Hedge Counterparty to BBY and then to the client – see further explanation under “Protection Trust”.

Risks from BBY’s Hedge Counterparty

The particular Hedge Counterparty used by BBY will depend on which online trading platform is used by the Client or other decisions made at the discretion of BBY – see table below.

It is possible that BBY’s Hedge Counterparty, or the custodian used by the Hedge Counterparty, may become insolvent or it is possible that other Clients of that Hedge Counterparty may cause a default which reduces the financial resources or capacity for that Hedge Counterparty to perform its obligations owed to BBY under the hedge contracts. BBY is liable to you as principal on the BBY Contract. However BBY is exposed to the insolvency of its Hedge Counterparty or other defaults which affect the Hedge Counterparty and for that reason BBY limits your recourse to amounts it can proportionally recover.

Limited Recourse

BBY is in the business of providing BBY Contracts in respect of the Underlying Securities and not assuring the performance and credit risk of BBY’s counterparties. BBY limits its liability to you under the terms of the BBY Contracts to the extent to which BBY actually recovers against its Hedge Counterparties and allocates that to your BBY Contracts. Put another way, any liability owed by BBY to you will be satisfied only by the extent to which BBY is able to recover from its Hedge Counterparties.

It is possible that BBY might not fully recover from each Hedge Counterparty due to reasons not arising from hedge contracts which relate to your own BBY Contracts, or BBY may incur costs in seeking the recovery or choose to terminate recovery efforts early, thereby reducing the proceeds available to BBY to allocate to performing its BBY Contracts issued to you. Where the amount which BBY is able to recover is not sufficient to meet all of its obligations under BBY Contracts, BBY will apportion the amount received by BBY Contracts honestly, fairly and efficiently. It is important to understand that you have no rights or beneficial interest in an Underlying Security or any contract which BBY has with its Hedge Counterparties and you cannot force BBY to make any decision about seeking recovery against BBY’s Hedge Counterparty. You are dependent on BBY taking any action to seek recovery. BBY has complete discretion as to how it pursues that action BBY will act honestly, fairly and efficiently in determining if and how to pursue that recovery action.

Broadly this is economically comparable to the same risk you would face if you were to deal in the market directly with the same Hedge Counterparties and incur your own costs of seeking recovery, perhaps in overseas jurisdictions. By dealing in these BBY Contracts, you get the benefit of BBY’s obligation to you as issuer of the BBY Contracts and the benefit of BBY dealing with market participants who might not ordinarily deal with you directly and you get the benefit of the protection from the Protection Trust.

The limited recourse does limit your potential recovery against BBY. However BBY considers that the overall effect of its hedging arrangements is to provide a more financially secure basis on which to invest in CFD’s. Overall BBY Contract Clients benefit from the combination of limited recourse and the Protection Trust.

Protection Trust

BBY has chosen to give BBY Contract Clients protection against BBY insolvency by creating the Protection Trust. BBY has executed a deed which binds BBY to keep to the terms of the Protection Trust. In simple terms, once the funds are in the Protection Trust Bank Account, BBY commits to using the funds only for hedging BBY Contracts or managing the hedge contracts, for paying fees and charges to which it is entitled and for payments back to BBY Contract Clients. Any amounts not required for these purposes are held in the Protection Trust Bank Account. If there is a trigger event, the funds in the Protection Trust Bank Account are held beneficially on trust for BBY Contract Clients and should not be available to creditors or anyone outside of that category of claimants. This reduces your BBY credit risk (as opposed to the situation where there is no “Protection Trust” at all) because BBY fully hedges and does not speculate or use the funds for other purposes (such as general working capital). **Important:** you should note that this protection is not as good as keeping all of your funds in the BBY Trust Account (which has strict rules around segregation of client assets from BBY assets, when and to whom withdrawals can be made, and strict reconciliation requirements), The BBY Trust Account would be the safest place for your funds to sit, however BBY withdraws your funds from this account to credit them to your Trading Account. If it is not withdrawn from the BBY Trust Account, then, pursuant to the Account Terms, the credit cannot be given to your Trading Account for that amount which remains in the BBY Trust Account and so you cannot trade with the benefit of credit for that amount.

The Protection Trust Bank Account offers better protection for you compared to BBY having no trust set-up at all in relation to the funds. It does not offer better protection than the BBY Trust Account.

The Protection Trust holds:

- all of the benefit of the claims against the Hedge Counterparty, for the hedge contracts (Claims); and
- all of the surplus funds from your payments to BBY which are not paid to the Hedge Counterparty or paid as your fees and charges (Surplus).

All of the Surplus moneys are held in the Protection Trust Bank Account.

The Protection Trust has two sets of rules – one set applies before a trigger event, the other set applies automatically on a trigger event.

The Protection Trust operates as follows:

- once the funds are in the Protection Trust Bank Account, the Trust Deed states that these funds may only be used by BBY for hedging and managing hedges for BBY Contracts, paying money to BBY Contract Clients, paying money to which BBY is entitled (fees, charges, interests) or for payments on winding up the trust. In practical terms, the Protection Trust gives you protection by limiting use of the Surplus (the funds taken out of the BBY Trust Account that are not used for hedging derivative transactions with the Hedge Counterparty) to BBY Contract-related activity by preventing the use of the Surplus for purposes outside the rules of the Protection Trust. ; and
- upon the occurrence of a trigger event, BBY as trustee holds the Claims and Surplus (funds) beneficially for the BBY Contract Clients and, in simple terms, BBY as trustee must manage the Claims and the Surplus to pay BBY Contract Clients. By holding the Claims and Surplus for BBY Contract Clients beneficially, the Protection Trust prevents the use of those amounts for other purposes or being available to creditors other than BBY Contract Clients.

Trigger events are: (i) insolvency by the Hedge Counterparty or BBY; and / or (ii) a breach by BBY of the terms of the Protection Trust that adversely affects the interests of BBY Contract Clients as a whole.

If BBY or its Hedge Counterparty were to become insolvent, all of the Claims and Surplus are protected under the trust for the benefit of CFD Clients first, and the Claims and Surplus can only be used first to pay CFD Clients.

Please see the Section below under “Payments to you upon BBY Insolvency” for a summary of what would happen when that trigger event occurs.

A full copy of the terms of the Protection Trust is available free of charge on request.

You should note that there is no strict legal obligation on BBY to pay funds withdrawn from the BBY Trust Account either to the Hedge Counterparty or into the Protection Trust Bank Account. Although this is BBY’s general policy, you should consider the fact that BBY does not have a strict legal obligation to handle your money in this way and the risks associated with this. I.e. it is possible that BBY could use the funds for its working capital or for running its business generally, in which case it would be likely that clients would lose the protection afforded by the Protection Trust, as an administrator may treat the money as BBY money and not “client money”, notwithstanding the fact that a trigger event has occurred.

You also should note that there is some risk that a Court could conclude that the operation of the Protection Trust by BBY involves the mixing of client money with BBY money. This is because before a trigger event occurs, the money is strictly not considered “client money”, but then after a trigger event occurs, the money will be considered held on trust for the client by BBY (and unavailable to creditors). If this were to occur, investors may lose the protection afforded by the Protection Trust as a Court may consider the Protection Trust to be inconsistent with trust law principles.

Solvency of BBY

The risks you have by dealing with BBY (as a result of BBY not keeping your funds in the BBY Trust Account but being paid all of your moneys deposited into the BBY Trust Account) cannot be assessed by reference to historical financial information about BBY or its Hedge Counterparties or general statements of principle.

BBY credit risk depends on its solvency generally, the amount (and kind) of its capitalisation, its cash flow, all of its business risks, its Client and stock concentration risks, its counterparty risks for all of its business and transactions (not just the BBY Contracts), its risk management systems and actual implementation of that risk management, the limited recourse you have and the use of the Protection Trust vs the BBY Trust Account for holding client funds.

BBY conducts semi-annual stress testing of OTC client positions to test whether BBY has the capability to meet counterparty obligations in stressed market conditions. However your BBY credit risk will fluctuate throughout the day and from day to day, including due to the implied credit risk of Hedge Counterparties. Hedge Counterparty credit risk to which BBY is exposed (and so indirectly are you) cannot be assessed or verified on a continuous basis or at all time of a business day.

When assessing BBY credit risk you should take into account all of the above factors and not rely only on past financial statements since historical information could be incomplete information for your purposes, not current and therefore potentially misleading as a guide to the current solvency and creditworthiness of BBY.

The BBY annual directors’ report and an audited annual financial report are available for free on request by contacting BBY.

Payments to you in BBY Insolvency

If BBY becomes insolvent, the following explains how payments may be made:

- Any of your moneys in the BBY Trust Account which have not been transferred to BBY, after deduction for any amounts properly payable to BBY for the BBY Contracts or which you have otherwise agreed are payable to BBY, will be payable to you.
- BBY or an administrator will be holding in the Protection Trust for the benefit of all BBY Contract Clients the Claims and the Surplus. These must be paid out to BBY Contract Clients before paying BBY (the Claims and Surplus should not be available to be used by a liquidator until all BBY Contract Client claims are satisfied).
- The precise amounts and timing of payments will not be known until the net position with the Hedge Counterparty is known.
- BBY or an administrator will use reasonable efforts to realise any Claims held in the Protection Trust (which will be added to the Surplus held beneficially for BBY Contract Clients).
- BBY or an administrator will need to assess whether it can feasibly sue to recover anything owed by the Hedge Counterparty.
- BBY or an administrator will need to assess the amounts prudently available to pay BBY Contract Clients, and may choose to pay interim amounts.
- BBY or an administrator will need to assess fair and reasonable allocation to BBY Contract Clients, having regard to, for example any amounts paid from the BBY Trust Account, Account balances, amounts recovered from the Hedge Counterparty and products that clients held or traded in through the platform. You should note that if all client funds were held in the BBY Trust Account and either BBY or the Hedge Counterparty were to become insolvent, those funds would be held on trust for you and should (in theory) be paid out to you ahead of any creditors. Although the purpose of the Protection Trust is to give you similar protection in the case of BBY

or Hedge Counterparty insolvency, the Protection Trust may not be as easy for an administrator to identify as a statutory section 981B trust account. This is because a statutory section 981B trust account like the BBY Trust Account is very clearly designated as a trust account and is reconciled on a daily basis so an administrator should quickly identify this as a client trust account. The Protection Trust Bank Account only becomes a trust account (that is holding funds beneficially for clients) once a trigger event occurs. This may be more difficult for an administrator to identify and analyse than a statutory section 981B trust account. So there may be more risk to you associated with BBY holding your funds in the Protection Trust Bank Account than in the BBY Trust Account (which is a section 981B trust account).

Hedge Counterparty risk

BBY selects its counterparty for each trading platform in accordance with its counterparty selection policy. This includes a due diligence process before entering into an agreement with a counterparty and on-going review of counterparty suitability. BBY hedges 100% of client positions on BBY Online Trader with its hedge counterparties. As an example of how this policy applies, BBY has selected Saxo Capital Markets (Australia) Pty Ltd; AFSL 280372; ABN 32 110 128 286 (SAXO) as its counterparty for OTC CFD trading. Saxo is a wholly-owned Australian subsidiary of Saxo Bank A/S, the online trading and investment specialist headquartered in Copenhagen, Denmark. The following information is applicable with respect to BBY's Hedge Counterparty as at the date of this PDS:

BBY trading platform:	**BBY Online Trader**
BBY's Hedge Counterparty:	Saxo Capital Markets (Australia) Pty Ltd ABN 32 110 128 286 AFSL 280372
Website of Hedge Counterparty:	www.saxobank.com
Further information:	Saxo Capital Markets (Australia) Pty Ltd is a subsidiary of Saxo Bank A/S which is incorporated in Denmark as a licensed bank (license no. 1149) and is regulated by the Danish Financial Supervisory Authority (FSA) - Finanstilsynet, Århusgade 110, 2100, København Gl. Kongevej 74A, 1850 Further details regarding the Danish FSA and Saxo Bank's licence may be viewed at www.ftnet.dk. As a member of the European Union, Denmark has incorporated the EU Banking and Investment Directives into Danish law. Further detail on the financial statements of Saxo Bank A/S is available from its website.

You should note that:

- SAXO has not been involved in the preparation of this PDS nor authorised any statement made in this PDS relating to it.
- SAXO has no contractual or other legal relationship with you as holder of the BBY Contracts. SAXO is not liable to you and you have no legal recourse against SAXO (because BBY acts as principal to you and not as agent) nor can you require BBY to take action against SAXO.
- BBY gives no assurance as to the solvency or performance of any Hedge Counterparty. BBY does not make any express or implied statement about the solvency or credit rating of SAXO or of any Hedge Counterparty.
- The regulation of a Hedge Counterparty is no assurance of the credit quality of the Hedge Counterparty or of any regulated or voluntary scheme for meeting the claims of creditors of the Hedge Counterparty. For example, although a Hedge Counterparty may be licensed by the Australian Securities and Investments Commission, that provides no assurance that the Hedge Counterparty has good credit quality or that it will perform its obligations to BBY.
- The credit quality of a Hedge Counterparty can change quickly. BBY is not able to disclose assessments which it makes of the credit quality of its Hedge Counterparties and reports of the credit quality of its Hedge Counterparties by independent credit rating agencies may not be available.
- If BBY becomes aware that material information about a Hedge Counterparty in this PDS changes or a significant matter later changes, BBY will issue a supplementary product disclosure statement, or a new product disclosure statement. If the new information is not materially adverse to you, BBY will provide the updated information on its website.

BBY is not authorised to set out in this PDS any further information published by the respective Hedge Counterparties and BBY takes no responsibility for third-party information about those Hedge Counterparties. If you require further information about the Hedge Counterparties used by BBY before deciding whether to invest in them, please first contact the relevant Hedge Counterparty listed above. BBY will also reasonably assist you to locate such other information as is publicly available to BBY.

SECTION 4 – SIGNIFICANT RISKS

Using BBY Contracts involves a number of significant risks. You should seek independent advice and consider carefully whether BBY Contracts are appropriate for you given your experience, financial objectives, needs and circumstances.

4.1 Key Risks

You should consider these key risks involved in BBY Contracts:

KEY RISKS	IMPORTANT ISSUES
Loss from Leverage:	BBY Contracts have leverage which can lead to large losses as well as large gains. The high degree of leverage in BBY Contracts can work against you as well as for you. The leveraging in an BBY Contract gives a moderate to high risk of a loss larger than the amounts you pay BBY as Margin. It can also cause volatile fluctuations in the Margin requirements. The leveraging in an Option gives a moderate to high risk of a total loss of the premium which you have paid. You can manage the risk of losses on BBY Contracts by monitoring your Open Positions and Closing Out the positions before losses arise.
Unlimited loss on short BBY Contracts:	There is a moderate to high risk of your potential loss on short BBY Contracts being unlimited. You can avoid the exposure to unlimited losses if you do not trade short BBY Contracts. You can manage the risk of losses on short BBY Contracts by monitoring your Open Positions and Closing Out the positions before losses arise.
Client moneys are applied to pay for your BBY Contracts:	The money which you pay into the BBY Trust Account is withdrawn on your direction to pay BBY before the BBY Contracts are issued to you, even if you pay more than the minimum Margin required. You client moneys are not retained in the BBY Trust Account because you need to pay BBY before the BBY Contracts are issued to you. Moneys withdrawn from the BBY Trust Account to pay BBY are BBY's moneys (and are not held for you). Once your moneys are withdrawn from the BBY Trust Account you become an unsecured creditor of BBY and you lose all of the protections you had when your client moneys are in the BBY Trust Account. The features of these risks to you are described in the section headed "Consequences of withdrawals from the BBY Trust Account". Please also see "Counterparty risk on BBY" in the table below.
Margin risk:	You must be able to pay to BBY the amount of required Margin as and when required, otherwise all of your Transactions may be Closed Out without notice to you. Margin requirements are highly likely to change continuously, in line with market movements in the Underlying Security. You should consider that there is a high risk of Margin requirements changing and changing at times very rapidly. There is a moderate to high risk that if the market value of the Underlying Security moves rapidly against you, you will be required to pay more Margin on little or no notice. If you do not meet those requirements, your position can be automatically Closed Out. You can manage your risk of losing your positions by failing to meet Margin requirements by carefully selecting the type and amount of BBY Contracts to suit your needs, monitoring the positions, maintaining a prudent level of cash balance in your Account and providing sufficient Margin within the time required by BBY. Please see Section on "Margining of BBY Contracts".
Foreign exchange risk:	Foreign currency conversions required for your Account (see Section 6 for a further description) can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. This exposes you to adverse changes in the value of your Trading Account which can be large (depending on foreign exchange rates) and volatile. This will directly affect the value of a BBY Contract position. You can manage this risk by selecting BBY Contracts with foreign exchange exposure that you are prepared to incur and to monitor.
BBY Counterparty risk:	You have the risk that BBY will not meet its obligations to you under the BBY Contracts. BBY's BBY Contracts are not Exchange traded and do not give you a legal or beneficial interest in the Underlying Security so you need to consider the credit and related risks you have with BBY. BBY believes that your BBY counterparty risk is low, due to its Margin policy, its risk management and the protections (through its Protection Trust) it has implemented for the benefit of Clients. However, the potential adverse outcome of this risk is very significant to you because, if it occurs, you could lose all or some of your investment. You can manage your BBY counterparty risk by limiting the amount you pay BBY, trading prudently and requesting payment to you of any surplus in your Account which is not required for prudent Margin management, however this may increase your Margin risk. Please see heading "Your BBY Counterparty Risk" in Section 3.

KEY RISKS	IMPORTANT ISSUES
Limited Recourse:	BBY limits its liability to you under the terms of the BBY Contracts to the extent to which BBY actually recovers against its Hedge Counterparties and allocates that to your BBY Contracts. This key risk is linked to “counterparty risk”. Both limited recourse and counterparty risks are further explained in Section 3 under “Your BBY Counterparty Risk”.

4.2 Other Significant Risks

You should consider these significant risks involved in BBY Contracts:

SIGNIFICANT RISKS	IMPORTANT ISSUES
Market risk:	Financial markets such as futures markets can change rapidly; they are speculative and volatile. Prices depend on a number of factors including, for example, commodity prices or index levels, interest rates, demand and supply and actions of governments. Each Exchange may reserve the right to suspend securities from trading or withdraw their quotation. BBY Contracts are highly speculative and volatile. There is a high risk that market prices will move such that the Contract Value of your BBY Contracts on closing can be significantly less than the amount you invested in them. There is no guarantee or assurance that you will make profits, or not make losses, or that unrealised profits or losses will remain unchanged. You can reduce your risk by understanding the market relevant to your BBY Contracts, monitoring your BBY Contract positions carefully and closing your Open Positions before unacceptable losses arise. There are also risks associated with suspensions of trading in the underlying assets over which your CFD is a derivative of. When the underlying asset over which your OTC contract is written becomes suspended ie a security is in trading halt or is suspended from trading in accordance with the rules of the relevant market, BBY may need to adjust the pricing of your contract to reflect this. In addition to this, BBY will not allow new CFD positions to be opened when there is a trading halt over the underlying asset, or trading in the underlying asset has otherwise been suspended. Once the underlying asset is no longer suspended or in a halt, BBY will again allow clients to open CFD positions over the underlying. If you propose to trade in Futures Options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other BBY Futures Contracts trading.
Not a regulated market:	The BBY Contracts offered by BBY are derivatives and are not covered by the rules for Exchange-traded CFDs. For example, trading on the ASX is governed by rules applicable to brokers and generally has the benefit of a guarantee system known as the National Guarantee Fund which provides protection from fraud or misconduct by brokers in connection with certain ASX trades. The ASX rules and the National Guarantee Fund do not apply to trading in BBY Contracts. Over-the-counter contracts, such as BBY Contracts, by their nature are not liquid investments in themselves. If you want to exit your BBY Contracts, you rely on BBY’s ability to Close Out at the time you wish, which might not match the liquidity or market price of the underlying asset. You can reduce your risk by carefully reading this PDS, the Account Terms and taking independent advice on the legal and financial aspects relevant to you.
Market disruptions:	A market disruption may mean that you may be unable to deal in BBY Contracts when desired, and as a result you may suffer a loss. This is because the market disruption events which affect the Underlying Security will also affect the BBY Contracts on the same or very similar basis. Common examples of disruptions include the “crash” of a computer-based trading system, a fire or other Exchange emergency, or an Exchange regulatory body declaring an undesirable situation has developed in relation to particular series of contracts or a particular trade, and suspends trading in those contracts or cancels that trade. You can attempt to minimise the effect of market disruptions by obtaining information released by the Exchange relevant to your BBY Contracts and taking action after the event as appropriate (if any) to your BBY Contracts, such as Closing Out because the values have significantly changed since before the event.
Orders and gapping:	It may become difficult or impossible for you to Close Out a position. This can, for example, happen when there is a significant change in the BBY Contracts value over a short period. There is a moderate to high risk of this occurring. BBY’s ability to Close Out an BBY Contract depends on the market for the underlying asset. Stop-loss orders may not always be filled and, even if placed, may not limit your losses to the amount specified in the Order, since they are not guarantees that there will be no loss. You should consider placing stop-loss or other Orders that limit your losses but also closely monitor your Account and the relevant market in case the stop-loss order is not fully filled or filled at all and you need to take further action to limit your losses. For further information, see Section on “Stop-Loss Orders”.

SIGNIFICANT RISKS	IMPORTANT ISSUES
Online trading platform:	You are responsible for the means by which you access the online trading platform or your other contact with BBY. If you are unable to access the online trading platform, it may mean that you are unable to trade in BBY Contracts (including Closing them Out) or you might not be aware of the current Margin requirements and so you may suffer loss as a result. BBY may also suspend the operation of the online trading platform or any part of it, without prior notice to you. Although this is considered to be a low risk since it would usually only happen in unforeseen and extreme market situations, BBY has discretion in determining when to do this. If the online trading platform is suspended, you may have difficulty contacting BBY, you may not be able to contact BBY at all, or your Orders may not be able to be executed at prices quoted to you. There is a moderate to high risk that BBY will impose volume limits on Client accounts or filters on trading, which could prevent or delay execution of your Orders, at your risk. You have no recourse against BBY in relation to the availability or otherwise of the online trading platforms, or for their errors and software. Please review the terms and any guidance material for any particular online trading platform.
Exchange:	The rules of the relevant Exchange govern the trading in the Underlying Security and so will indirectly affect the dealing in your BBY Contracts. All of the rules of each relevant Exchange may be relevant to your BBY Contracts, so you should consider those rules. The details of those rules are outside the control of BBY and they may change at any time and without notice to you.
Conflicts:	Trading with BBY for its BBY Contracts carries a risk of actual conflicts of interests because BBY is acting as principal in its BBY Contracts with you and BBY sets the price of the BBY Contracts and also because BBY might be transacting with other persons, at different prices or rates, or BBY might be trading with other market participants. The policy used by BBY is that as principal it issues the BBY Contracts to you based on the price it gives you, not by acting as broker to you. BBY obtains its price by dealing with its own Hedge Counterparties. You can reduce the risks to you of unfavourable pricing or opaque pricing (meaning it is unclear how it relates to the underlying market) by monitoring BBY's CFDs pricing compared with other CFDs which have comparable terms and by monitoring the underlying market. The other trading activities of BBY, such as acting as broker to its Clients, are conducted without reference to BBY's dealing in BBY Contracts with you. BBY will make those transactions as principal or as agent, and will do so to hedge its position and with the intention of making a profit.
Valuations:	The BBY Contracts are valued by BBY. Typically this is by direct reference to (but not automatically solely derived from) the market value (or, if relevant, index level) of the relevant Underlying Security on the relevant Exchange which in turn affects the price quoted by the relevant Hedge Counterparty to BBY. If the Exchange fails to provide that information (for example, due to a failure in the Exchange's trading system or data information service) or trading in the Underlying Security is halted or suspended, BBY may exercise its discretion to determine a value. Due to the nature of BBY Contracts, in common with industry practice for such financial products, BBY's discretion is unfettered and so has no condition or qualification. While there are no specific limits on BBY's discretions, BBY must comply with its obligations as a financial services licensee to act efficiently, honestly and fairly. You therefore have the risk of relying on whatever value is determined by BBY in the circumstances permitted by the Account Terms.
Regulatory bodies:	A Client may incur losses that are caused by matters outside the control of BBY. For example, actions taken by a regulatory authority exercising its powers during a market emergency may ultimately result in losses to the Client by reason of the effect of those actions on the Underlying Security. A regulatory authority can, in extreme situations, suspend trading or alter the price at which a position is settled, which will affect the Underlying Security for the Client's BBY Contract.
BBY's powers on default, indemnities and limitations on liability:	If you fail to pay, or provide security for, amounts payable to BBY or fail to perform any obligation under your Transactions, BBY has extensive powers under the Account Terms to take steps to protect its position. For example, BBY has the power to Close Out positions and to determine the rates of interest it charges. Additionally, under the Account Terms you agree to indemnify BBY for certain losses and liabilities, including, for example, in default scenarios. You should read the Account Terms carefully to understand these matters.
Operational risk:	There is always operational risk in a BBY Contract. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction. We are not liable to you if losses arise owing to delays, errors or failures in operational processes outside our control, in particular, due to faults in the online trading platform or in the provision of data by third parties.

SIGNIFICANT RISKS	IMPORTANT ISSUES
Mixing of Client Moneys with BBY moneys:	There is some risk that a Court could conclude that the operation of the Protection Trust by BBY involves the mixing of client money with BBY money. Investors may lose the protection afforded by the Protection Trust if this occurs.

SECTION 5 – COSTS, FEES & CHARGES

5.1 Costs, Fees & Charges

BBY derives a financial benefit by entering into other transactions with other persons at different rates from those charged to the Client.

5.2 BBY Contract Transaction Fees

BBY charges a Transaction Fee (which may be described as “commission” on the platform) on each BBY Contract that is executed. Our rates vary depending on the type and level of service required, and the frequency and size of Transactions.

For BBY CFDS, there are different types of Transaction Fee charging models that can be applied depending on the individual CFD.

1. Percentage per trade

   The greater of:

   - the amount that is calculated by multiplying the Transaction Fee rate by the Contract Value of the CFD; and
   - a minimum Transaction Fee, for CFDs under the DMA model or a minimum ticket Transaction Fee depending on the ticket size for CFDs under the Non DMA model.

2. Fee per contract

   The greater of:

   - the amount that is calculated by multiplying the amount of CFD Contracts traded by the individual charge per contract; and
   - a minimum Transaction Fee, for CFDs under the DMA model or a minimum ticket Transaction Fee depending on the ticket size for CFDs under the Non DMA model.

The standard fee for BBY CFDs you will be charged per Transaction is typically between 0.1% and 1% of the value of the Transaction.

The Transaction Fee that you will be actually charged is disclosed on your BBY Online Trader under the Trading Conditions.

The fee accrues immediately upon execution of the Transaction, i.e., when you Open or Close the Contract. The Transaction Fee will either be reflected in the execution price as an additional component to the spread pricing or separately, i.e., not included in the spread pricing. Refer to Section 3 relating to Spread Pricing and Pricing Models.

For BBY Futures and Futures Options Contract Transaction Fees, BBY charges a Transaction Fee on each BBY Futures Contract. Our rates vary depending on the type and level of service required, and the frequency and size of Transactions.

All Transaction Fees are charged in the currency in which the Contract is denominated unless otherwise specified and then converted at the relevant BBY markets exchange rate into the Base Currency of your Trading Account; refer to Section 6.1 “Accounts Denominated in Foreign Currency”. For FX Products it will be expressed in the Price / Term currency and for Metal Products it will be expressed in the currency in which the Metal Product is traded against being the US Dollar, Euro, Japanese Yen, Australian Dollar and Hong Kong Dollar.

Details of the Transaction Fees are included in your statement. This is an online report that you can access and print upon demand and can be accessed via your BBY Online Trader.

Please remember that because you are required to trade a BBY Contract in order to Close Out the existing BBY Contract there may be a Transaction Fee on the BBY Contract used to close the position.

5.3 Margin

The Margin amount that you would be charged is disclosed on your order ticket prior to the order being placed. (Please note that if you delay submitting your Order, the Margin amount could change from the amount in the order ticket. The actual amount applying at the time of executing your Order will be applied). The Margin amount that you would be charged to acquire a BBY Equity Contract is 100% of the full Contract Value for the relevant number of BBY Equity Contracts.

5.4 Premium

For bought Options the premium paid represents the cost of the Option which is arrived at by negotiation between the buyer (taker) and the seller (writer) of the Option.

Option Premiums are quoted on a Points or Pips basis. To calculate the full Premium payable, multiply the quoted Premium by the proposed Transaction’s Quantity.

5.5 Rolling over or swapping

BBY FX and Metals Products that are “rolled over” or “swapped” (depending on which term applies to your particular Transaction – see the platform). If your position is rolled (or “swapped”) to the next Settlement Date/Value Date, you will receive a benefit or bear a cost on your original Traded Amount. As a rule, the following applies: if you buy a currency with a higher interest rate than the currency you sell then you will receive a benefit at rollover. If you sell a currency with a higher interest rate than the currency you buy then you will incur a cost at rollover.

For example:

If you have a bought AUD/USD position (i.e. you have bought the Australian Dollar against the US Dollar) and interest rates are higher in Australia than in the USA, your Transaction will be credited Forward Points i.e. credited the interest differential between the two currencies if you do not Close Out the position before the settlement time. Your Transaction will receive the interest rate differential whilst the position remains open for holding the higher yielding currency.

However, if you have a bought AUD/USD position and the USA interest rate is higher than the Australian interest rate, your Transaction will be debited the Forward Points i.e. debited the interest differential between the two currencies if you do not Close Out the position before the settlement time. Your Transaction will be debited the interest rate differential whilst the position remains open for holding the lower yielding currency.

The pricing on rollover will therefore vary depending on (but not be limited to):

- the currency pair you are trading;
- the applicable interest rates in the interbank markets according to the period of the rollover i.e. the interest rates offered for each currency pair (bought or sold);
- the size of the position;

- the spread; and
- the BBY Transaction Fees that may apply.

When a position is rolled over to a new Settlement Date/Value Date any unrealised profit or loss on the position being rolled is subject to a Finance Credit or Finance Charge on the profit or loss. The Finance Charge or Finance Credit is added or deducted to the original Traded Amount, and is included in the rollover/swap Points.

The rollover (or swap) Points is reflected in the price at which the Open Position is rolled forward i.e. it is added to or deducted from the original traded rate and debited or credited to your Trading Account balance on Settlement Date (and so is not an additional fee or charge).

Details of the rollover (or swap) pricing are included in your rollover history statement. This is an online report that you can access and print upon demand and can be accessed via your BBY Online Trader.

5.6 Finance Charge/Finance Credit

Finance Charge on Long BBY CFD Positions

If you hold a long position overnight you will pay a Finance Charge on the BBY CFD Open Positions held overnight except for Commodity CFDs which will not incur any overnight Financing Charge. All costs for Commodity CFDs are factored in to the spread pricing.

The calculation for an overnight Finance Charge for each day that a long BBY CFD is held overnight is as follows:

CV x (CFD BR) / 360 or 365

Where:

CV is Contract Value of the BBY CFD Open Positions, at the time the BBY CFD is established.

CFD BR is the BBY CFD Base Rate as defined in the Glossary in Section 7.

Finance Charge / Finance Credit on short CFD Positions

If you hold a short position overnight you will pay a Finance Charge or you may receive a Finance Credit on the BBY CFD Open Positions held overnight except for Commodity CFDs which will not incur any overnight Financing Charge. All costs for Commodity CFDs are factored in to the spread pricing.

The calculation for an overnight Finance Charge / Finance Credit for each day that a short BBY CFD is held overnight is as follows:

CV x (CFD BR) / 360 or 365

Where:

CV is Contract Value of the CFD Open Positions, at the time the CFD is established.

CFD BR is the CFD Base Rate as defined in the Glossary in Section 7.

(Whether 360 or 365 applies in a Transaction depends on the market practices relating to the interest rate markets in the place of the relevant Exchange. The estimated daily Finance Charge/ Finance Credit is displayed on the order ticket using the applicable formulae when calculating the relevant amount.)

A Finance Credit will be credited for the short CFD position held overnight to your Account when the CFD Base Rate is positive. A Finance Charge will be debited for the short CFD position held overnight to your Account when the CFD Base Rate is negative.

By way of example, using the calculation for a short Share CFD position held overnight for a share whose currency has a relevant interest rate of 0.5% used for the CFD Base Rate with a mark-down of 3% (see definition of "CFD Base Rate" in the Glossary in Section 7), the charge you will incur would be illustrated:

$10,000 x (-2.5%) / 365 = $0.68

Where:

CV is $10,000

CFD BR is -2.5% p.a. (i.e., 0.5% minus 3% p.a.)

No Finance Charge/Finance Credit is paid or received if you open and close a CFD position on the same day.

Borrowing Costs on Short CFDs

If you hold a short CFD position overnight, you will pay a borrowing cost (by way of a Finance Charge) on the CFD Open Positions held overnight. This borrowing cost is dependent on the liquidity of the stocks and may be zero for high liquidity stocks.

The borrowing rate expressed as a percentage will be fixed when the CFD position is opened and will accrue daily though it will be charged on a monthly basis.

The specific borrowing rate for a specific stock is disclosed on your BBY Online Trader under Trading Conditions, CFD Stock/Index Instrument List.

Account and Trading Account balance

A Finance Credit you receive may be credited to your Account or to each Trading Account if the value of the Withdrawable Funds on your Account is positive and exceeds the "finance credit account qualification level" (which is the term used on the platform), which is A$15,000 or its currency equivalent.

A Finance Charge you pay may be debited to your Account or to each Trading Account, if the value of the Withdrawable Funds relating to your Account and to each Trading Account is negative.

Therefore it is important that there is sufficient cash in each of the Trading Accounts to cover all the Transactions within that Account otherwise you risk being subject to the debit Finance Charge exceeding the credit Finance Credit even though your overall Account is in credit.

The Finance Charge and Finance Credit applied to your Account (or Trading Accounts) will be calculated using the Base Rate (see definition in the Glossary) applied to the negative (or positive) amount of Withdrawable Funds.

For example, if the Withdrawable Funds is negative A$30,000 for 10 days and assuming the Base Rate is 7.5% p.a., then the Finance Charge will be calculated as AUD$30,000 x (7.5%/365 days x 10 days) = A$61.64 or A$6.164 per day.

An additional Finance Charge may be imposed if you have not paid BBY any amount you are required to pay, such as an overdue payment to close an Account. The rate of Finance Charge for such shortfall is the Base Rate plus a mark–up, up to a maximum of 4% p.a. For example, if you owe us $1,000 on a debt and the Base Rate stays at 7.5%, the Finance Charge on that will be 11.5% p.a., accruing daily.

A Finance Charge may also be credited to your Account (or Trading Accounts). If it is the charge will be calculated using the Base Rate (see definition in Glossary) applied to the positive amount of Withdrawable Funds. BBY may at any time without prior notice apply different Base Rates according to different tiers of volume of trading and may choose not to credit any Finance Charge at all or not if the amount of Withdrawable Funds falls below limits set by BBY from time to time.

5.7 Conversion Fee

You will be charged a conversion fee when converting currencies to the currency of your Trading Account. This occurs each time there is a conversion from a trade currency to the currency of your Trading Account. The conversion fee charged is up to a maximum of 100 basis points (1.00%) of the Transaction's full face value being converted. Thus, the conversion fee is actually reflected in the exchange rate at which the Transaction is converted and is not an additional fee or charge.

5.8 External Fees, Taxes and Charges

You are responsible for any stamp duty, transaction duty, GST or similar goods and services or value added tax payable in respect of trading in Transactions (except for any income tax payable by BBY). Bank charges and fees imposed on BBY to clear your funds or in respect of your payments will also be charged to your Account.

The Account Terms may allow BBY to impose other fees or charges from time to time which do not relate directly to Transactions (and so are not costs, fees or charges for acquiring or later dealing in the BBY Contract itself). For example, you may be required to pay royalty or similar charges set by data providers (e.g., the ASX) for your use of information feeds or for online transaction services. BBY may debit these amounts to your Trading Account.

SECTION 6 – GENERAL INFORMATION

6.1 Accounts Denominated in Foreign Currency

Your Account and each Trading Account may be denominated in Australian dollars or any other currency permitted by BBY from time to time.

If you instruct BBY to effect a Transaction denominated in a currency different from the denomination of your Trading Account currency, BBY will convert the currency value of your Transaction into the Trading Account's currency.

The foreign currency conversions can expose you to foreign exchange risks between the time the Transaction is entered into and the time the relevant conversion of currencies occurs.

Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. These will impact on the rates of conversion set by BBY.

6.2 Discretions

BBY has discretions under the Account Terms which can affect your Orders and positions. You do not have any power to direct how BBY exercises its discretions.

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

BBY's significant discretions are:

- whether to accept your Order (including to Close Out a position) or to amend it;
- any risk limits or other limits BBY imposes on your Account or your trading;
- determining Margin requirements, especially the amount of Initial Margin, minimum Margin requirements, the time to meet any changed Margin requirement;
- adjusting BBY Equity Contracts for corporate actions and elections in respect of them;
- determining values of Underlying Securities (for opening and closing positions and for determining Margin);
- setting bid prices and offer prices; and
- closing your positions and setting the Closing Value.

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

BBY's other discretions include:

- setting its fees and interest rates;
- adjusting BBY Contracts for adjustments made by the Exchange to the Underlying Security, contract or asset;
- setting foreign exchange conversion rates;
- whether to allow Securities to be transferred to pay for BBY Equity Contracts or to transfer them on Close Out;
- opening and closing your Account;
- giving you a grace period for full compliance in paying by cleared funds any amount you owe; and
- interpretation, variation and application of our policies.

6.3 Policies

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

BBY may change its policies at any time without notice to you. BBY may amend, withdraw, replace or add to its policies at any time without notice to you. All of the important information is set out in or referred to in this PDS so you should only rely on this PDS and not on the policies.

A summary of the policies is available free of charge by contacting BBY.

BBY's key policies relevant to BBY Contracts currently are:

- client money policy;
- margin call policy;
- conflicts of interests management policy; and
- client suitability policy.

6.4 Anti-Money Laundering Laws

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

6.5 ASIC Guides

ASIC has released a guide to disclosures on CFDs. Regulatory Guide RG 277 Over-the-counter contracts for difference: Improving disclosure for retail Investors. Potential investors are encouraged to contact ASIC or to visit the ASIC website (www.asic.gov.au) for any information released by ASIC on these and other important features and risks of dealing in CFDs.

6.6 About BBY

BBY is an Australian owned investment company. BBY is a Market, Clearing and Settlement Participant of the ASX. BBY is the holder of Australian Financial Services Licence AFSL 238095. Further information about BBY is available on its website at www.bby.com.au. BBY will provide on request free of charge a copy of its most recently available audited financial reports.

6.7 Applications

You apply for an Account by returning to BBY a completed application form which accompanies the booklet with the Account Terms, available by contacting BBY directly.

Individual BBY Contracts are made by contacting your BBY advisor or using BBY Online Trader.

6.8 Taxation Implications

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

The following information should be regarded as general information only.

Australian Taxation regime for CFDs

The Australian Taxation Office (ATO) has released Taxation Ruling 2005/15 which describes the income tax and capital gains tax consequences of dealing in CFDs. A copy of Taxation Ruling 2005/15 is available from the ATO's website www.ato.gov.au. Potential investors should note that this is a public ruling for the purpose of Part IVAAA of the Taxation Administration Act 1953 (Cth) and therefore, if the ruling applies to the investor, the Commissioner of Taxation is bound to assess that investor on the basis outlined in the ruling. Penalties may apply where the treatment outlined in a taxation ruling is not followed and the investor has a tax shortfall. The following statements do not set out all of the content of the Taxation Ruling and there might be other taxation aspects that are relevant to your particular circumstances.

Profits and losses on BBY Contracts

Any gains derived or losses incurred by you in respect of a BBY Contract ordinarily should be included in your assessable income. When calculating the amount of profit or loss, you need to consider the difference between the Closing Value and the Contract Value on commencement of the position and any fees on Open Positions paid or received by you. If you hold your BBY Contracts for the purpose of trading, you should seek independent taxation advice relevant to your circumstances.

Tax file number withholding rules

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

Other fees, charges or commissions

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

Taxation of Financial Arrangements (TOFA)

The introduction of the TOFA laws from 1 July 2009 include new rules (Rules) for determining the timing of gains and losses that arise in respect of financial arrangements. The rules provide that gains and losses from financial arrangements will be deemed to be a revenue amount for tax purposes.

The Rules are particularly important because it will have an impact on when a taxable gain or loss is recognised. This will affect your taxable income for the year and hence increase or decrease the tax payable.

The Rules could apply to the financial transactions made for BBY Contracts; however, it excludes (i) individuals; (ii) superannuation funds and managed investment schemes whose total assets are less than $100 million and (ii) and other entities with a turnover which is less than A$100 million or other threshold tests, unless any of these persons elect to be treated by TOFA. You should seek independent taxation advice relevant to your circumstances.

Goods and Services Tax

With the exception of fees and charges as set out in this PDS, amounts payable for or in respect of BBY Contracts are not subject to goods and service tax, in accordance with Australian Taxation Office Ruling GSTD 2005/3, available from www.ato.gov.au.

Stamp Duty

The opening of a CFD, payments made under a CFD and the Closing of a CFD will not attract a stamp duty liability.

6.9 Cooling Off

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

6.10 Ethical Considerations

BBY Contracts made under the BBY Online Trader Account do not have an investment component. Labour standards or environmental, social or ethical considerations are not taken into account by BBY when making, holding, varying or Closing Out BBY Contracts.

6.11 Jurisdictions

The BBY Contracts offered by this PDS are available only to persons receiving the PDS in Australia.

The distribution of this PDS in jurisdictions outside Australia may be subject to legal restrictions. Any person who resides outside Australia who gains access to this PDS should comply with any such restrictions and failure to do so may constitute a violation of financial services laws. The offer to which this PDS relates is not available to USA investors.

6.12 BBY Insurance

BBY has a comprehensive insurance policy in place to cover a variety of different scenarios, some which may assist in the repayment of deficits arising from dealing in Hedge Counterparties or if there is fraudulent activity by one of BBY's employees, directors or authorised representatives that results in your money being used in fraudulent activities. If the insurance policy is insufficient or the insurer fails to perform its obligations, BBY may not be able to make the payments it owes to you.

6.13 Dispute Resolution

BBY wants to know about any problems you may have with the service provided to you so we can take steps to resolve the issue. If you have a complaint about the financial product or service provided to you, please see the document "Summary of Complaints Handling Procedure – Information for Clients", available by contacting your advisor, and then take the following steps:

1. Contact your advisor and provide the details of your complaint. You may do this by telephone, facsimile, email or letter.
2. If your complaint is not satisfactorily resolved through your advisor, within three business days of receipt of your complaint, please contact the Compliance Department on 1 800 551 212 or put your complaint in writing and send it to the Compliance Department at:

   Level 17
   60 Margaret St
   SYDNEY, NSW 2000

   BBY will try to resolve your complaint quickly and fairly. Complaints received in writing will be acknowledged within five business days of written receipt of your complaint and we will use our best endeavours to try to resolve your complaint within 30 days of receipt of your written complaint.

3. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service Ltd (FOS), if your complaint is within its rules. FOS is an external dispute resolution scheme. The contact details for FOS are:

   Financial Ombudsman Service Limited
   G.P.O. Box 3
   Melbourne VIC 3001
   Telephone: 1300 780 808
   Website: www.fos.org.au

   BBY is a member of the FOS complaints resolution scheme. The service provided to you by FOS is free.

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

6.14 Privacy

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

BBY has obligations under, and has procedures in place to ensure its compliance with, the Privacy Act 1988 (Cth).

Significantly, these include the following:

1. Collecting personal information

   In collecting personal information, BBY is required to:

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

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

   BBY may take steps to verify information given to it, such as consulting registries, referees, employers or credit agencies. This information will not be disclosed to any other person although BBY may disclose this information to its related bodies corporate if you intend to use the services of any of those related bodies corporate.

2. Using the personal information

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

   Personal information may be disclosed to:

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

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

   You may access your personal information held by BBY (subject to permitted exceptions), by contacting BBY. We may charge you for that access.

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

3. Retaining personal information

   BBY has implemented and maintains secure protection of all personal information obtained from misuse, loss, unauthorised access, modification or disclosure.

   The information will be destroyed or de-personalised if BBY no longer requires the information for the purpose referred to above.

SECTION 7 – GLOSSARY

Account means your account with BBY established under the Account Terms, including all Trading Accounts and all Transactions recorded in them.

Account Value means the current value of your BBY Online Trader Account which is calculated by BBY by combining:

- the balance of the cash account;
- the sum of the values of the non-margin positions;
- the unrealised value (positive/negative) of the Open Positions in margin products
- indicative costs to Close (Transaction Fees, Finance Charges); and
- the values of Transactions not yet booked.

Account Terms means the terms of your Account with BBY for all of your Trading Accounts by which you deal in Transactions (as amended from time to time). For the BBY Contracts covered by this PDS, these terms will be the BBY Online Trading Account terms which accompanied your application form for the Account. Variations or additional terms may be notified to you from time to time in accordance with your current Account Terms.

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

American Style Option means an Option that can be exercised on any Business Day prior to the Expiry Date.

ASX means the securities and other Exchanges operated by ASX Limited.

Australian Dollars or A$ means the lawful currency of the Commonwealth of Australia.

Base Rate means the amount nominated by BBY for this term from time to time, as notified to you (including through the online trading platform) or posted on its website.

(a) In the absence of any valid nomination, the Base Rate for a Finance Charge debited to your Account (or Trading Accounts) is the prevailing overnight “London InterBank Offer Rate” (currently referred to as bbalibor™, previously known as “LIBOR”) plus 4%. bbalibor™ is a primary benchmark for short term interest rates globally. The overnight bbalibor™ is widely published via a number of data vendors and those financial services and media outlets are licensed to display bbalibor data after 5:00 p.m. London Time.

(b) In the absence of any valid nomination, the Base Rate for a Finance Charge credited to your Account (or Trading Accounts) is the prevailing overnight “London inter-bank bid rate” (LIBID) being the rate of interest at which banks in London bid for deposit funds less an amount of 3% (but so that the Base Rate for any credit can never be less than 0%). The overnight LIBID is widely published via a number of data vendors.

BBY is not authorised to publish LIBOR or LIBID data on a continuous basis, but there are rates displayed on your BBY Online Trader which should be used for information purposes only.

BBY means BBY Limited ABN 80 006 707 777; AFSL 238 095.

BBY CFD means any contract entered into by you and BBY in respect of CFDs on the terms of the Account Terms, whose term continues until the Closing Date.

BBY Contract means a derivative contract issued by BBY on the BBY Online Trading Account Terms traded on the BBY Online Trader Account

BBY Equity Contract means any contract entered into by you and BBY whose Underlying Security is a share or similar equity financial product traded on an Exchange and which itself is not a Margin Product. It is issued on the terms of the Account Terms.

BBY Futures Contract means a BBY Contract in respect of an Underlying Futures Contract.

BBY Online Trader Product refers to all products traded on the BBY Online Trader Account under the BBY Online Trading Account Terms.

BBY Online Trader means BBY’s online trading platform for trading in BBY Contracts where Saxo Bank is BBY’s Hedge Counterparty.

BBY Online Trader Account means your Trading Account with BBY established under the Account Terms, including all Trading Accounts and all Transactions recorded in them, for using BBY Online Trader.

BBY FX and Metals Product means any FX Product, Metal Product or Option covered by this PDS issued by BBY on the BBY Online Trading Account Terms and traded on the BBY Online Trader Account. Change to BBY FX and Metals Products

BBY Trust Account means the bank account maintained by BBY as a trust account under Section 981B of the Corporations Act. (It is not part of your Account).

Bid means the price a buyer is willing to accept i.e., the price at which you can sell the instrument.

Business Day means a day (other than a Saturday or Sunday or public holiday) on which banks and foreign exchange markets are or will be open for business in Sydney.

CAD means the lawful currency of Canada.

Call Option means an Option which gives its buyer the right, but not the obligation, to buy the underlying FX Product or Metal Product at (in the case of European Style options) or before (in the case of American Style options) the Expiry Date at the Exercise Price. BBY only offers European Style options.

Cash Margin refers to the value of the Non-margin products including BBY Equity Contracts, (usually shown as a percentage) available to be counted as Margin Cover and so contributes towards meeting your Margin requirements arising from the Margin Products traded on BBY Online Trader. (Please note that this does not represent any deposit of cash held for you.)

CFD Base Rate means the amount nominated by BBY for this term from time to time, as notified to you (including through the online trading platform) or posted on its website.

(a) In the absence of any valid nomination, when you hold a long CFD position overnight, the CFD Base Rate for a Finance Charge debited to your Account (or Trading Accounts) is the prevailing overnight “London InterBank Offer Rate” (currently referred to as bbalibor™, previously known as “LIBOR”) plus a mark–up, up to a maximum of 3%. bbalibor™ is a primary benchmark for short term interest rates globally. The overnight bbalibor™ is widely published via a number of data vendors and those financial services and media outlets are licensed to display bbalibor data after 5:00 p.m. London Time. The mark–up is disclosed in the Trading Conditions.

(b) In the absence of any valid nomination, when you hold a short CFD position overnight the CFD Base Rate for a Finance Charge credited to your Account (or Trading Accounts) is the prevailing overnight “London inter-bank bid rate” (LIBID) being the rate of interest at which banks in London bid for deposit funds less a mark–down, up to a maximum amount of 4.5%. If the rate calculated by applying LIBID minus the mark–down results in a debit as opposed to a credit, then this will be the CFD Base Rate for a Finance Charge to be debited to your Account (or Trading Account). The overnight LIBID is widely published via a number of data vendors. The mark–down is disclosed in the Trading Conditions.

BBY is not authorised to publish LIBOR or LIBID data on a continuous basis, but there are rates displayed on your BBY Online Trader which should be used for information purposes only.

CHF means the lawful currency of Switzerland.

Claims is used in this PDS to refer to all of the benefit of the claims against the Hedge Counterparty arising out of the hedge contracts.

Client refers to the person who has an Account with BBY.

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

Closing Date means the date on which the BBY Contract is agreed to be Closed Out, or earlier, if deemed to be Closed Out in accordance with the Account Terms.

Closing Value means the value determined by multiplying the number of BBY Contracts by the price (or, if an index, the level) of the BBY Contract at the Closing Date.

Commodity CFD means a BBY CFD whose Underlying Security is a commodity.

Contract Value means the face value of the BBY Contract, and is calculated by BBY by multiplying the applicable price (or, if an index, the level) of the CFD by the number of CFDs

Corporations Act means the Corporations Act 2001 (Cth).

Current Market Price is the price which is the mid point between BBY’s Bid and Offer prices for CFDs, which may be a delayed price depending on whether you have subscribed for live pricing.

EUR means the single currency of the European Economic and Monetary Union.

European Style option means an Option that can only be exercised only on the Expiry Date.

Exchange means the market operated by the ASX, ASX 24 operated by Australian Securities Exchange Limited (ABN 83 000 943 377), the Australian Clearing House operated by ASX

Clearing Corporation Limited (ABN 45 087 801 554), or any other exchange or market on which a relevant Underlying Security trades or, in the case of an index, it relates to, or market in which BBY participates from time to time, whether directly or through agents or other market participants.

Exchange Rate means, in relation to any currency, any widely recognised and published foreign exchange rate for value Spot or Forward being a Spot foreign exchange rate adjusted by the Forward Points, selected by BBY in its sole discretion. The foreign exchange rate is always quoted as to how much of the Price / Term Currency 1 unit of the Trade / Base Currency is worth.

Expiry Date means, in relation to an Option, the date upon which the Option may be exercised, as specified in the terms of the Option.

Expiry Time means, in relation to an Option, the time being 10:00 New York time, upon the Expiry Date which is the deadline before which the Option may be exercised, as specified in the terms of the Option.

Exercise Price or Strike Price means the Transaction Price at which an Option may be exercised.

Finance Charge means the amount you pay in respect of your Transaction, in accordance with the Account Terms.

Finance Credit means the amount you receive in respect of your Transaction, in accordance with the Account Terms.

Forward means the Settlement / Value Date for a Transaction will occur at a fixed date in the future which is more than two Business Days following the day on which the Transaction is entered into or, in respect of a position where the Currency Pair is USD/CAD, more than one Business Day after the Business Day the Position is entered into.

Forward Points means the differential between the interest rates of the currency pair for the period from Spot to Settlement Date.

Futures Contract means a contract, whether Exchange traded or an OTC contract, to buy or sell a specific quantity of a described commodity at an agreed date in the future, whether or not it is physically settled or capable of being physically or cash settled, and includes an option for such a transaction where the context requires.

FX means foreign exchange.

FX Product means a BBY FX and Metals Product in respect of an Foreign Exchange Transaction on a Spot or Forward basis, which involves an exchange of an agreed amount of one currency for another currency.

GBP means the lawful currency of the United Kingdom.

Hedge Counterparty means a person with whom BBY enters into a hedge contract to hedge BBY's exposure to BBY Contracts. BBY's Hedge Counterparty for BBY Online Trader Products is Saxo.

HKD means the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China.

Initial Margin means the amount which you are required to pay to BBY as the initial Margin for any Transaction which you propose to enter into.

JPY means the lawful currency of Japan.

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

Margin Cover means the amount of Margin available for margin trading on your Account. It is calculated by BBY by subtracting from the Account Value: (i) the required Margin ; (ii) that part of the value of Open Positions which are margin products which is not available to be counted as Margin Cover (usually shown as a percentage of the unrealised value of the margin product) and (iii) that part of the value of non-margin positions which are non-margin products which is not available to be counted as Margin Cover (usually shown as a percentage of the value of the non -margin product).

Margin Product means a BBY Contract (or other Transaction) which has a required Margin. This could be a BBY Contract covered by this PDS or another kind of BBY Contract covered by another product disclosure statement.

Margin Trading refers to any trading in any margin product.

Margin Utilisation is expressed as a percentage and relates to the proportion of the Account Value which you are utilising for Margin requirements. The purpose of the Margin Utilisation is to calculate and show simply in percentages how you are meeting your obligation to maintain sufficient Margin, For example, if the Margin Utilisation on your Account is above 100%, you have already failed to maintain the minimum required Margin and ordinarily you would already have received a Margin call. The formula used by BBY to calculate this is:

$$\frac{\text{Margin requirement}}{\text{(Margin Cover + Margin requirement)}} \times 100 \text{ (expressed as \%)}$$

Metal Product means a BBY Contract in respect of a metals Transaction (including in relation to gold or silver), on a Spot basis only, and payment in one of the following currencies: US dollar, Euro, Japanese Yen, Australian dollar and Hong Kong dollar.

Non-margin position means an Open Position of a BBY Contract (or other Transaction) which has no required Margin. This would be a Transaction covered by another product disclosure statement, such as a fully paid exposure to a fully paid share.

Non-margin product means a BBY Online Trader Product (or other Transaction) which has a Margin requirement equal to the full Contract Value (i.e. 100%) of the Underlying Security. This means there will be no later Margin requirement for that product (unless in respect of an instalment payment on an Underlying Security which is a partly paid security). This product could be a BBY Equity Contract covered by this PDS or another kind of BBY Online Trader Product covered by another product disclosure statement.

NZD means the lawful currency of New Zealand.

Offer means the price a seller is willing to accept i.e., the price at which you can buy the instrument. This is also known as the ask price.

Option means a BBY Online Trader option which is a Call Option or a Put Option.

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

Order means any order placed by you to enter into a Transaction.

OTC means an over the counter.

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

Pay Date means the date on which the BBY makes the adjustment for distributions on the Underlying Security, which ordinarily coincides with the day the issuer of the Underlying Security pays the dividend or other kind of distribution to holders who were registered as at the record date for that distribution. Please be aware that occasionally there might be some delays due to the timing of the issuer's payment, the banking system, different time zones or other operational procedures though it is BBY's practice to make the Pay Date as soon as possible within its control.

Points or Pips refers to the smallest increment by which a FX Product Price changes. You can calculate the value of a single Pip or Point, for instance, if you know that the EUR/USD is quoted with four decimals, so for a given position you can multiply the position amount by the value of one Pip, or USD 0.0001. So, on a EUR/USD 100,000 Transaction, one Pip would equal USD 10. On a USD/JPY 100,000 Transaction, one Pip is equal to JPY 1000 because USD/JPY is quoted with only two decimal (meaning one Pip = JPY 0.01)

Premium means the price of Options i.e. the amount the Option buyer pays and the Option seller receives for the rights conveyed by the Options.

Price / Term Currency means the second mentioned currency in respect of a FX Product position.

Protection Trust means the trust created under the document "Declaration of Limited Trust" for BBY Contract Clients as beneficiaries. The significant features are disclosed under the heading "Protection Trust" in Section 3. A copy of its legal terms is available free of charge on request.

Protection Trust Bank Account means BBY's bank account, held under the Protection Trust, for holding surplus moneys to benefit BBY Contract Clients.

Put Option means an Option which gives its buyer the right, but not the obligation, to sell the underlying FX Product and Metal Product at (in the case of European Style options) or before (in the case of American Style options) the Expiry Date at the Exercise Price.

Saxo means Saxo Capital Markets (Australia) Pty Ltd ABN 32 110 128 286.

Settlement Date/Value Date means the theoretical date of delivery if the product could be settled by physical or deliverable settlement.

SGD means the lawful currency of the Republic of Singapore.

Share CFD means a BBY CFD whose Underlying Security is a financial product traded on an Exchange and which itself is not a margin product. This covers Exchange-traded equities, units in listed funds, stapled securities, exchange traded funds (known as ETFs)

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

Spot means the Settlement/ Value Date for a Transaction will occur two Business Days following the day on which the Transaction is entered into or, in respect of a position where the Currency Pair is USD/CAD, the first Business Day after the Business Day the Position is entered into.

Surplus is used in this PDS to refer to all of the surplus funds from your payments to BBY not paid to the Hedge Counterparty or paid as your fees and charges and which is managed in a bank account. These funds are held in the Protection Trust Bank Account.

Trade / Base Currency means the first mentioned currency in respect of a FX Product position.

Traded Amount means for FX Product the number of units expressed as a fixed dollar amount in the Trade / Base Currency of the currency pair and for Metal Product is the number of units expressed in troy ounces multiplied by the Transaction Price at the trade date.

Trading Account means a sub-account of your Account with BBY.

Trading Conditions means the operational rules and conditions relating to your BBY Online Trader Account from time to time. It includes information relating to fees and charges, Margin percentages for each specific margin product, the Finance Charge and Finance Credit for each specific margin product (if any), the finance credit account qualification level and other relevant information.

Transaction means any of the kinds of BBY Contract which are traded under the Account Terms.

Transaction Fee means the fee or commission from time to time specified by BBY to be the amount payable by you to BBY in respect of each Transaction as set out in this PDS or as later varied in accordance with the Account Terms and this PDS.

Transaction Price means for FX products and FX Products which are Options, it is the Exchange Rate, for Metal Products and Metal Products which are Options, it is the price of buying or selling the Spot metal quoted in USD, EUR, JPY, AUD and HKD depending on the currency the FX Metal product is traded.

Trust Account means a client monies trust account maintained under section 981B of the Corporations Act.

Underlying Security means the product which is used as the basis for the calculations of prices for your BBY Contract, such as a share or similar equity financial product, Exchange-traded units in a fund, an exchange traded fund (ETF), commodity, index or other item (or any combination of one or more of those).

Underlying Futures Contract means the futures contract whose specifications determine the Commodity CFD. For example, a US crude oil CFD whose Underlying Futures Contract is the Nymex - light sweet Crude Oil and will be determined based on the specifications of that Futures Contract.

USD means the lawful currency of the United States of America.

Withdrawable Funds means the amount of cash which would be paid to you from the BBY Online Trader Online Account if requested. There are Withdrawable Funds only if your Margin Cover is a positive amount. The amount of the Withdrawable Funds is the lesser of the cash balance of your Account and the Margin Cover. If your Margin Cover is not positive, there will be no Withdrawable Funds.

XAU means gold (measured in troy ounces).

XAG means silver (measured in troy ounces).

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