



# **Product Disclosure Statement for MahiFX Margin FX Trading**

**MahiFX Limited**

ARBN: 152 535 085

AFSL: 414198

Date: 31 July 2017

Version: 4.0

## 1. About this Product Disclosure Statement

This Product Disclosure Statement (**PDS**) was prepared by MahiFX Limited ('MahiFX', 'we', 'us', 'our'), ARBN 152 535 085, AFSL 414198 on 31 July 2017.

The information contained within this PDS and is current at the time of preparation, but may be subject to change from time to time. If any new information is material, we will either issue a new PDS, or a Supplementary PDS as required, containing the new information. If the new information is not considered material, the information will be available on our website at [www.mahifx.com](http://www.mahifx.com) and will be provided to you if you contact us directly. Changes will be notified to you within the periods required by the Corporations Act.

This PDS is only for Australian residents and Australian citizens living abroad.

## 2. About MahiFX

MahiFX Limited, the issuer of the products, is registered in New Zealand as a private company limited by shares under the New Zealand Companies Act 1993. MahiFX was incorporated on 30 March 2010 and was registered as a foreign company in Australia on 8 August 2011.

MahiFX may be contacted in New Zealand or Australia at:

<b>New Zealand</b>			
<i>Registered Office:</i>	Level 3 50 Victoria Street Christchurch, 8013 New Zealand	<i>Communications Address:</i>	PO Box 401 Christchurch 8140 New Zealand
<b>Australia</b>			
<i>Registered Office:</i>	Suite 2, 185 Gloucester Street Sydney NSW 2000 Australia	<i>Communications Address:</i>	14 Cheryl Crescent Newport, NSW 2000 Australia

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*Email:* [info@mahifx.com](mailto:info@mahifx.com)

*Website:* [www.mahifx.com](http://www.mahifx.com)

For more information about MahiFX and the products covered in this PDS, please visit [www.mahifx.com](http://www.mahifx.com).

## 3. Authorised Financial Services

MahiFX is authorised by the Australian Securities and Investments Commission (**ASIC**) to provide the following services to retail and wholesale clients:

- Provide general financial product advice;
- Deal in a financial product by:
  - issuing, applying for, acquiring, varying or disposing of a financial product; and
  - applying for, acquiring, varying or disposing of a financial product on behalf of another person; and
- Make a market.

MahiFX is authorised to provide these services in the following financial products:

- FX contracts; and
- Derivatives.

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## Part 1 – Product Disclosure Statement

### 1. Product Disclosure Statement - Summary

This summary outlines some key questions that are explained in this PDS. You should ensure that you read and understand this PDS in its entirety before investing in the Foreign Exchange (FX) Contracts that we offer.

Issue	Summary	For more information, see:
<b>Who is the issuer of this PDS?</b>	The issuer of this PDS is MahiFX Ltd ( <b>MahiFX</b> ). MahiFX is a private company incorporated in New Zealand and which holds an Australia Financial Services License authorising it to deal in, make a market in, and provide general financial product advice in respect of FX contracts and derivatives.	Section 4 of the PDS (pg. 11)
<b>What products are offered?</b>	The products offered by MahiFX are over the counter, non-deliverable spot FX contracts on a margin or leveraged basis.	Section 6 of the PDS (pg. 12)
<b>Does this PDS include Benchmark Reporting?</b>	Yes. The PDS includes disclosures in respect of disclosure benchmarks for over-the-counter (OTC) contracts for difference (CFD) as those benchmarks apply to the products issued by MahiFX.	Section 2 of the PDS (pg. 8)
<b>What is a Spot FX Contract?</b>	An agreement under which you agree today to buy one currency or ounce of gold or silver and simultaneously sell another currency or ounce of gold or silver at an agreed valuation for settlement in, generally, two Business Days.	Section 6 of the PDS (pg. 12)
<b>What are the costs involved with FX Contracts?</b>	<p>MahiFX does not charge fees or commissions to you to enter into an FX Contract. We earn our income from:</p> <ul style="list-style-type: none"> <li>the difference (the Spread) between the price paid to buy or sell one currency or ounce of gold or silver expressed against another currency or ounce of gold or silver;</li> <li>interest charges or credits (Swap Charges and Credits) for positions that have their settlement date Rolled Over to the next business day;</li> <li>interest on monies deposited with us; and</li> <li>money transfer fees.</li> </ul>	Section 13 of the PDS (pg. 26) for costs and amounts payable and Section 8 of the PDS (pg. 17) on how to start trading with MahiFX
<b>How are FX Contracts priced?</b>	MahiFX is a market maker and, as such, determines and publishes the buy and sell prices of the currencies or Metals which apply to the FX Contracts that it offers.	Section 10 of the PDS (pg. 21)
<b>What are the risks involved in trading FX Contracts?</b>	<p>As with all margin or leveraged investments, trading in FX Contracts can be risky and is not appropriate for everyone. There are a number of types of risk that you should be aware of before beginning to trade, including the possibility of losing some or all of the money that you invest. Some of these types of risk include:</p> <ul style="list-style-type: none"> <li>Market risk;</li> <li>Counterparty risk;</li> <li>Liquidity risk;</li> <li>Strategy risk;</li> <li>Leverage;</li> </ul>	Section 7 of the PDS (pg. 14)

Issue	Summary	For more information, see:
	<ul style="list-style-type: none"> <li>• Margin risk;</li> <li>• Systems risk;</li> <li>• Unauthorised access;</li> <li>• Customer monies; and</li> <li>• Regulatory risk.</li> </ul>	
<b>Why might I trade FX Contracts?</b>	<p>Some of the reasons for or benefits from trading in FX Contracts include:</p> <ul style="list-style-type: none"> <li>• the ability to hedge pre-existing FX exposures;</li> <li>• the capacity to take long and short FX Positions, and thereby invest in currencies or Metals and attempt to profit from fluctuations in FX rates;</li> <li>• the ability to leverage those hedging or investment positions; and</li> <li>• the ability to trade in smaller increments and in markets otherwise not available to the retail investor.</li> </ul>	Section 6.3 of the PDS (pg. 13)
<b>What is Margin?</b>	<p>Margin is the amount required to support your open Positions. Margin can be in the form of initial Margin, which is provided when a Trade is first executed or variation Margin that increases or decreases your Margin Reserve every time your Positions are marked-to-market.</p>	Section 11 of the PDS (pg. 22)
<b>What is a Margin Call?</b>	<p>A request and obligation to transfer additional Margin to support your open Positions. Both the MahiFX Platform and the MT4 Platform automatically monitors your Margin requirements in real time and will transfer variation Margin into and out of your Margin Reserve as required. Effectively your Net Asset Value must exceed the Margin requirements. If, for example, the market moves to the detriment of your open Positions and the current value of your Margin falls below the required amount, then funds will be transferred from your Trading Account to 'top-up' your Margin balance.</p>	Section 11.4 of the PDS (pg. 24)
<b>How do I open an account with MahiFX?</b>	<p>Prior to opening an account with MahiFX you should read this PDS and our FSG and the MahiFX Terms of Use, and ensure you understand the products offered by us. After doing this, if you are satisfied that trading in these products is appropriate for you, you can open an account via 'Start Trading' link on our website (<a href="http://www.mahifx.com">www.mahifx.com</a>).</p>	Section 8 of the PDS (pg. 17) on how to start trading with MahiFX and Section 12 of the PDS (pg. 25)
<b>How do I trade with MahiFX?</b>	<p>You may trade with MahiFX through MahiFX's online electronic trading system known as the MahiFX Platform and additionally, or alternatively, on the MetaTrader 4 platform known as the MT4 Platform.</p>	Section 8 of the PDS (pg.17)
<b>What are the tax consequences of trading in our products?</b>	<p>The tax consequences of trading in our products will vary depending on your individual circumstances. You should seek your own professional taxation advice before trading with MahiFX.</p>	Section 14 of the PDS (pg. 27)

Issue	Summary	For more information, see:
<b>How can I contact MahiFX?</b>	Accessing our website: <a href="http://www.mahifx.com">www.mahifx.com</a> By email: <a href="mailto:info@mahifx.com">info@mahifx.com</a> By telephone (Customer Service Department): +64 3 288 0389 By facsimile: +64 3 377 0715 By mail: PO Box 401, Christchurch, 8140, New Zealand or 14 Cheryl Crescent, Newport, NSW, 2000, Australia	Section 4 of the PDS (pg. 11)
<b>What do I do if I have a complaint?</b>	MahiFX has an internal complaint resolution process for use in the first instance and MahiFX is a member of the Financial Ombudsmen Service (FOS).	Section 17 of the PDS (pg. 29)

## 2. Benchmark Disclosure

Further to the summary set out above, this table sets out MahiFX's disclosures against 7 benchmarks as suggested by ASIC. MahiFX's approach to these disclosure benchmarks is that it:

- Discloses whether or not MahiFX meets the benchmark; and
- Explains, if MahiFX does not meet the benchmark, why it does not.

Benchmark	Summary of benchmark	MahiFX disclosure
<p><b>Client qualification</b></p>	<p>An issuer should maintain and apply a written client qualification policy that:</p> <ul style="list-style-type: none"> <li>• sets minimum qualification criteria that prospective investors will need to demonstrate they meet before the issuer will agree to open a new account on their behalf;</li> <li>• outlines the processes the issuer has in place to ensure that prospective investors who do not meet the qualification criteria are not able to open an account and trade in CFDs;</li> <li>• requires the issuer to keep written records of client assessments.</li> </ul>	<p>MahiFX has a detailed account-opening policy and procedure for each new client.</p> <p>The policy and procedure focuses on confirming the identity of the client and availability of funds.</p> <p>The policy does not assess a client's capacity to understand and assess the complexity and risks inherent in FX Contracts. As explained in this PDS, each client must read this PDS and seek their own advice, about the suitability of FX Contracts for them.</p> <p>MahiFX does:</p> <ul style="list-style-type: none"> <li>• make available to clients a free demonstration account so that clients can trial MahiFX's services, learn more about FX Contracts and the complexity and risks associated with them, and how to manage those risks through the MahiFX Platform or the MT4 Platform – without putting any of the client's moneys at risk;</li> <li>• reserve the right to introduce into its policy and procedure means by which clients may be assessed in relation to their capacity to assess the complexity and risks of FX Contracts.</li> </ul>
<p><b>Opening collateral</b></p>	<p>An issuer should generally only accept cash or cash equivalents from investors as opening collateral when establishing an account to trade CFDs. If credit cards are used to open accounts, an issuer should accept no more than \$1,000 via credit card to fund the account.</p>	<p>MahiFX operates an entirely online business and recognises that its clients will need to use credit cards to make payments.</p> <p>MahiFX therefore accepts credit card payments and does not set a limit on deposits.</p> <p>MahiFX does:</p> <ul style="list-style-type: none"> <li>• require that, for 8 weeks following receipt of a credit card payment, clients may only withdraw to the same credit card;</li> <li>• reserve the right to restrict minimum and maximum deposits (regardless of the means of payment).</li> </ul> <p>Clients must realise that the use of a credit card to fund their MahiFX account has the capacity to amplify their losses from FX trading – by using debt (leverage) to make a further leveraged investment. This is explained in more detail in the Risks section (section 7.5 of the PDS on pg. 15).</p>

Benchmark	Summary of benchmark	MahiFX disclosure
<b>Counterparty risk – hedging</b>	<p>An issuer should maintain and apply a written policy to manage its exposure to market risk from client positions, which:</p> <ul style="list-style-type: none"> <li>includes the factors it takes into account when determining if hedging counterparties are of sufficient financial standing; and</li> <li>sets out the names of those hedging counterparties (as they stand from time to time).</li> </ul> <p>Policies should be displayed in an up-to-date form on the issuer's website.</p>	<p>MahiFX:</p> <ul style="list-style-type: none"> <li>through its MahiFX Platform and MT4 Platform, has developed a system by which MahiFX not only offers its services but also monitors and manages its ongoing exposure to market risks as a market-maker; and</li> <li>has made considered assessments about the counterparties to whom MahiFX is exposed and to whom, indirectly, its clients are exposed.</li> </ul> <p>Accordingly, MahiFX manages its exposure to market risk from client positions with a combination of a sophisticated online MahiFX Platform and MT4 Platform and careful selection of counterparties.</p> <p>MahiFX's direct counterparty is a related party, Mahi Capital Limited. Mahi Capital has arrangements with a panel of liquidity providers, but is contractually restricted from disclosing their identity.</p> <p>MahiFX's hedging policy is available to investors on its website.</p>
<b>Counterparty risk – financial resources</b>	<p>An issuer should maintain and apply a written policy to maintain adequate financial resources, which details how the issuer:</p> <ul style="list-style-type: none"> <li>monitors its compliance with its Australian financial services (AFS) licence financial requirements; and</li> <li>conducts stress testing to ensure it holds sufficient liquid funds to withstand significant adverse market movements.</li> </ul>	<p>MahiFX has detailed procedures by which it monitors compliance with its AFS licence requirements as to base level financial requirements, and Adjusted Surplus Liquid Funds (ASLF) (as required for foreign exchange dealer, AFS licensees holding client money and AFS licensees transacting with clients).</p> <p>MahiFX monitors these requirements on an ongoing basis and in real time. Further, monthly assessments are made to ensure the requirements were met at all times during the preceding month and scenario and stress tests are conducted to provide prospective analysis as to MahiFX's potential future position.</p> <p>MahiFX is required to procure an annual audit of its financial position, as well as an audit opinion confirming that MahiFX has complied with all financial requirements under its AFS licence.</p> <p>Any written policy which MahiFX develops will be posted on its website.</p> <p>MahiFX's latest audited financial statements are available to investors on its website.</p>
<b>Client money</b>	<p>An issuer should maintain and apply a clear policy on its use of client money, including whether it uses money deposited by one investor to meet the margin or settlement requirements of another.</p>	<p>MahiFX does pool client money in its Customer Funds Accounts and accordingly one client's funds may be used to meet the payment obligations of our other customers (albeit with no effect on the first client's account balance, margin requirements or settlement requirements).</p> <p>MahiFX has set out in detail (in section 12 of this PDS on pg. 25) the arrangements it has in place in respect of client money and transactions involving your Trading Account,</p>

Benchmark	Summary of benchmark	MahiFX disclosure
		<p>Client Funds Accounts and MahiFX's own accounts.</p> <p>The risks associated with using your client money in this way is explained in section 7.2 and section 7.9 of this PDS (pgs. 14 and 16).</p>
<p><b>Suspended or halted underlying assets</b></p>	<p>An issuer should 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, in accordance with the rules of the relevant market.</p>	<p>MahiFX, as a market-maker, will not allow you to execute an order, and enter into a trade, if the currency markets are closed (e.g., over weekends) or there is an underlying issue which prevents MahiFX from offering a Currency Pair or Metal: essentially, these circumstances mean MahiFX is itself not able to trade in the underlying currency or metal. In that case, you will not be able to open or close a Position in respect of that Currency Pair or Metal.</p>
<p><b>Margin calls</b></p>	<p>An issuer should maintain and apply a written policy about its margining practices, which details:</p> <ul style="list-style-type: none"> <li>• how the issuer will monitor client accounts, to ensure that it receives early notice of accounts likely to enter into margin call;</li> <li>• what rights the issuer may exercise in relation to client accounts, including the right to make a margin call or close out positions; and</li> <li>• when the issuer will exercise these rights, and what factors it will take into account in deciding whether to do so.</li> </ul>	<p>MahiFX has comprehensive systems to monitor each client's Margin requirements. In relation to Margin:</p> <ul style="list-style-type: none"> <li>• Clients must themselves monitor their Margin requirements and are responsible for ensuring Margin requirements are continually met;</li> <li>• MahiFX provides clients with all necessary means by which they can monitor Margin requirements and status through the MahiFX Platform or the MT4 Platform;</li> <li>• Additionally, MahiFX notifies its clients of their compliance with Margin requirements by email and via the client's 'Notifications' service available on the MahiFX Platform or the MT4 Platform.</li> </ul> <p>Margin close-out will occur when your Net Asset Value is less than or equal to 50% of the required Margin to support your open Positions; or after 5 Business Days of being in breach of your Margin requirements.</p> <p>The MahiFX Platform will close-out all of a client's positions where the client does not have sufficient Margin.</p> <p>In contrast, the MT4 Platform will first close out a client's least profitable position where the client does not have sufficient Net Asset Value to support the Margin, then the next least profitable position and so on, until Margin is sufficient in respect of the remaining open Positions.</p> <p>This treatment represents a critical difference between the MahiFX Platform and MT4 Platform and may influence your decision as to which Platform better suits your requirements.</p> <p>See section 11 of this PDS (on pg. 22 - 22) for further information.</p>

### 3. About this Product Disclosure Statement

This Product Disclosure Statement (**PDS**) was prepared by MahiFX Limited ('MahiFX', 'we', 'us', 'our'), ARBN 152 535 085, AFSL 414198 on 31 July 2017.

The information contained within this PDS is designed to provide you with sufficient information so that you can make an informed decision about whether to purchase a product from us. It will assist you to:

- Decide if this product meets your needs; and
- Compare this product with other similar products.

The information contained within this PDS is general in nature and has been prepared without taking into account any of your personal objectives, financial situation or needs. Because of that, before deciding whether this product is right for you, you should:

- consider the appropriateness of an investment pursuant to this PDS, and the general advice in this PDS, having regard to your personal objectives, financial situation and needs; and
- seek professional advice from a suitably qualified and independent financial advisor.

The information contained within this PDS is current at the time of preparation, but may be subject to change from time to time. If any new information is material, we will either issue a new PDS or a Supplementary PDS containing the new information. If the new information is not considered material, the information will be available on our website at [www.mahifx.com](http://www.mahifx.com) and will be provided to you if you contact us directly. Changes will be notified to you within the periods required by the Corporations Act.

This PDS is only for Australian residents and Australian citizens living abroad.

### 4. About MahiFX

MahiFX Limited, the issuer of the products, is registered in New Zealand as a private company limited by shares under the New Zealand Companies Act 1993. MahiFX was incorporated on 30 March 2010 and was registered as a foreign company in Australia on 8 August 2011.

MahiFX is a FX dealer that provides its services either through a proprietary online platform (the **MahiFX Platform**), or the MetaTrader 4 Platform (the **MT4 Platform**) – or through both platforms - for the trading of FX contracts on a Margin or Leveraged basis. It makes a market in the products that it offers and provides continuous, dealable FX rates to customers enabling them to buy and sell non-deliverable Spot FX Contracts 24 hours a day, 5 days a week (i.e., the times that the major FX markets are open for business).

MahiFX is based in Christchurch, New Zealand, and was founded by a group of experienced currency traders, IT specialists, and financial services professionals with the aim of bringing “big bank” FX trading technology to the retail and wholesale FX market.

MahiFX may be contacted in New Zealand or Australia at:

<b>New Zealand</b>			
<i>Registered Office:</i>	Level 3 50 Victoria Street Christchurch 8013 New Zealand	<i>Communications Address:</i>	PO Box 401 Christchurch 8140 New Zealand
<b>Australia</b>			
<i>Registered Office:</i>	Suite 2, 185 Gloucester Street Sydney NSW 2000 Australia	<i>Communications Address:</i>	14 Cheryl Crescent Newport, NSW 2000 Australia

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*Email:* [info@mahifx.com](mailto:info@mahifx.com)

*Website:* [www.mahifx.com](http://www.mahifx.com)

For more information about MahiFX and the products covered in this PDS, please visit [www.mahifx.com](http://www.mahifx.com).

## 5. Authorised Financial Services

MahiFX is authorised by the Australian Securities and Investments Commission (**ASIC**) to provide the following financial services to retail and wholesale clients:

- Provide general financial product advice;
- Deal in a financial product by:
  - issuing, applying for, acquiring, varying or disposing of a financial product; and
  - applying for, acquiring, varying or disposing of a financial product on behalf of another person; and
- Make a market.

MahiFX is authorised to provide these services in the following financial products:

- FX contracts; and
- Derivatives.

## 6. Product Information and Significant Features

This PDS relates to the FX contracts/derivatives offered by MahiFX as described in this PDS. The products offered by MahiFX are “over the counter”, non-deliverable Spot FX Contracts on a Margin or Leveraged basis.

FX, also known as currency trading, forex and FX trading, is the simultaneous buying of one currency or Metal and selling of another at an agreed price. The exchange rate quoted is the price of one currency (or Metal) (the Base Currency) expressed in terms of another currency (or Metal) (the Terms Currency). For example, the price of the Australian dollar expressed in terms of the US dollar (AUDUSD). If the AUDUSD exchange rate was, say, 1.05, then AUD \$1.00 (the Base Currency) could be exchanged for USD \$1.05 (the Terms Currency).

### 6.1 Market maker

MahiFX makes a market in its products and will regularly quote prices at which we are prepared to deal with customers.

All transactions are entered into with MahiFX as principal and represent a binding agreement between MahiFX and you.

We derive income from the difference (the Spread) between the prices we bid to buy and offer to sell FX products to our clients. Our Spreads may differ from time-to-time across

currencies and Metals and FX products and can widen (without prior notice) due to volatile market conditions or around news events. The Spread is reflected in the price we quote for the FX products you can trade on the MahiFX Platform or the MT4 Platform.

## 6.2 Product and transaction outline

MahiFX's products allow customers to buy and sell currencies or Metals on a Margin or Leveraged basis. The products offered by MahiFX are cash settled and do not allow for the physical delivery of the currency or Metal. That is, there is no physical exchange of currencies or gold or silver on settlement of the Trade, including when it is closed out.

If you wish to enter into a transaction with MahiFX, you must issue an Order online via either the MahiFX Platform or the MT4 Platform. An "Order" is the instruction to buy or sell one currency or Metal in exchange for the sale or purchase of another currency or Metal at a specified rate. The Order remains valid until executed or cancelled. A "Trade" is the execution of an Order and a "Position" is the exposure you have to a particular Currency Pair or Metal as a result of entering into a Trade.

In order to enter into a Trade, you must post an amount (called Margin) with MahiFX. Margin is a percentage of the total value of a transaction that you are required to post to your Margin Reserve to cover the FX risk arising from opening a Position. Margin is posted automatically by the MahiFX Platform or the MT4 Platform, provided you have a sufficient Cash Balance in your Trading Account. If you have an insufficient Cash Balance in your Trading Account, the Order or transaction might be rejected, cancelled or fail. We require that you always have sufficient aggregate Margin in your Margin Reserve to cover any losses you might incur. The Margin Reserve available in your Trading Account with MahiFX will limit the size of any new Positions you can open and will affect when you receive a margin alert and possible Margin Closeout on any open Positions. A Margin Closeout is when either:

- the MahiFX Platform automatically closes all of your open Positions; or
- the MT4 Platform automatically and progressively closes out your least profitable Position(s),

to significantly decrease the probability of you losing more than the amount that is in your Trading Account.

The term Leverage is often used to describe the Margin arrangements. It refers to the deposit required in order for you to open the Position. Broadly speaking, MahiFX permits Leverage of 100 to 1 for major currency pairs, 50 to 1 for minors and 25 to 1 for Metals (refer to section 11 – Margin for more details on which Currency Pairs constitutes majors and minors, and available metals pairs). For example, if you wanted to Trade \$100,000 of a major currency, we would require you to deposit Margin of \$1,000. However, MahiFX reserves the right to reduce the amount of Leverage available due to market circumstances or change the classification of Currency Pairs from majors to minors and vice versa.

FX Positions may be left open at the close of MahiFX's normal trading day, which it regards as 5:00 PM New York time (**EST**) on a Business Day. Such Positions are automatically Rolled Over by MahiFX and, depending on the Currency Pair or Metal, will either earn or pay a small premium or discount (a Swap Credit or Charge), reflecting the difference between market interest rates for each currency or Metal.

MahiFX monitors the mark-to-market value of your Positions in real time and adjusts the Margin you are required to hold in your Margin Reserve accordingly. Broadly speaking, the Margin adjustments to your Margin Reserve reflect the Mark-to-Market movement of all your open Positions. When Positions are closed, you will no longer be required to post Margin and your Margin Reserve will be adjusted to reflect this change.

## 6.3 Why might you trade FX?

FX transactions are desirable for many reasons.

**Investment** - Some customers may enter into FX products to generate an exposure to a particular currency or Metal for trading or speculative investment purposes. Persons may do so with the hope or expectation of generating a profit through speculating on fluctuations in the values of currencies and Metals.

**Hedging exposure** - Our FX products might also be of interest to persons who have an exposure to foreign currencies in the following cases:

- They are an importer or exporter of goods and services and are required to pay or receive foreign currencies.
- They have invested in an asset denominated in a foreign currency or borrowed money in a foreign currency.
- They have business or personal cash flows in a foreign currency.

Such persons bear the risks and rewards of fluctuations in the value of the foreign currency and may wish to protect themselves against adverse movements in the value of the currency, by hedging against any fall in the value of the foreign currency to which they are exposed. MahiFX offers its customers a highly efficient mechanism to buy or sell FX products to help manage such risks.

**Leverage** – Some customers may enter into FX Products to enable them to Leverage their hedging or investment positions and give them the ability to trade in smaller increments and in markets otherwise not available to retail investors.

## **7. Associated Risks**

FX transactions involve risks: currency valuations and prices are inherently unpredictable and volatile in nature. The risks faced will depend upon your objectives at the time and the nature of the activities you undertake: you should carefully consider whether MahiFX's products are appropriate for you in light of your personal financial needs and objectives.

The use of MahiFX's services can never be considered a safe investment and carries with it high risk of loss. In volatile market conditions, foreign currencies and metal prices may fluctuate rapidly to reflect unforeseeable events that cannot be controlled either by us or by you.

Under our Terms of Use, you agree that you use MahiFX's services at your own risk and that you alone bear the loss of any money you have invested.

The risks you face may include, but are not limited to, the following:

### **7.1 Market Risk:**

The risk that the value of an investment will decrease due to moves in market factors. FX and Metal rates and prices are unpredictable and volatile.

Changes in FX and Metal rates and prices or illiquidity may cause the value of your Positions to lose value and you may suffer the loss of some or all of your investment, and/or be required to immediately deposit additional funds to maintain your Positions or cover your losses. In fast moving markets, there may not be sufficient time to warn you, for you to monitor the impacts of market movements on your Positions, or for you to take remedial actions: these effects may cause you loss or exacerbate your losses. Historical prices and relationships are no guide for future prices, movements and relationships.

MahiFX offers you the ability to make Limit Orders, Stop Loss Orders or Take Profit Orders to help you manage your market risk. However, it is important to note that volatile or illiquid market conditions may still mean that any Stop Loss Order or Take Profit Order may be prevented from being executed at or even around the price you specified – this means that you are exposed to FX fluctuations beyond the price at which you had intended to close your Position.

You should note that MahiFX is a market maker. This status means that MahiFX sets its own prices at which customers can enter into FX Contracts. In turn, this approach means that we may quote FX or Metal rates that differ from those available in other markets or from other market makers.

### **7.2 Counterparty Risk:**

This is the risk that an organisation does not pay out on a transaction when it is supposed to.

MahiFX enters into each and every transaction with you as principal and is your counterparty. You will, therefore, have an exposure to MahiFX in respect of all your transactions with us and are reliant on us to perform our obligations to you in accordance with our Terms of Use. MahiFX also enters into transactions with a related party (Mahi Capital) to manage its FX risk. Following notification of a client entering into a FX Contract, MahiFX will immediately back to back that transaction (i.e., enter into an equal and opposite reciprocal transaction) with Mahi Capital. Mahi Capital aggregates and manages the risk arising from transacting using proprietary software. Where the risk exceeds the acceptable tolerances, Mahi Capital will enter into risk reducing transactions with a panel of liquidity providers, and will maintain a margin account to facilitate these transactions. You have an indirect exposure to Mahi Capital because, if that party did not meet its obligations to MahiFX, it may render MahiFX unable to meet its obligations to you. If MahiFX breaches its obligations and becomes insolvent you may suffer loss.

Additionally, you have an exposure to the counterparties with which Mahi Capital deals. If Mahi Capital is exposed to non-performance by the counterparties with whom it deals, then this may in turn affect the extent to which Mahi Capital performs its obligations to MahiFX.

MahiFX requires as a condition of dealing with Mahi Capital that Mahi Capital selects only counterparties with whom MahiFX is comfortable being exposed to as an indirect counterparty. Accordingly, MahiFX has satisfied itself that Mahi Capital has chosen a panel of leading liquidity providers for the purpose of hedging FX exposures in respect of whom MahiFX accepts the counterparty risk as commercially acceptable, and whom MahiFX accepts will in turn only transact with counterparties of appropriate financial standing and experience.

### **7.3 Liquidity Risk:**

The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

At any time, market conditions might render the execution of an Order or of a limit on an Order (including either Stop Loss Order or Take Profit Order), at a stipulated price impossible, including on the basis of market illiquidity. Accordingly, even though the extent of the losses could be subjected to an agreed-upon limit, the risk of incurring losses could be higher due to an inability to close out the Position at the agreed-upon price, and you could suffer the consequential loss in a relatively short period of time.

### **7.4 Strategy Risk:**

This risk is exposure to loss resulting from a strategy that turns out to be defective or inappropriate.

You acknowledge that MahiFX does not provide any advice, including financial product advice, and that you enter into transactions on the basis of your own research and opinions: you are a self-directed investor. Your views on a currency's or Metal's movement may turn out to be incorrect and you may not achieve your desired outcome or may suffer loss.

### **7.5 Leverage Risk:**

MahiFX enables you to obtain an FX exposure by depositing relatively modest amounts in relation to the size of the contract. This feature is known as Leverage: you can Leverage your investment up to 100 to 1 for major Currency Pairs, 50 to 1 for minors and 25 to 1 for Metals (refer to section 11 – Margin for more details on which Currency Pairs constitute majors and minors, and available Metal pairs).

Leverage means the performance of your investment is amplified and even a slight fluctuation of the market could mean substantial gains when these fluctuations are in your favour, but could also mean considerable losses if the fluctuations are to your detriment.

Additionally, if you borrow to fund your Trading Account (including by funding your Trading Account using a credit card), then your Leverage is amplified, along with your risk. If you are speculating, you should not risk more than you are prepared to lose or that, if lost, would not alter your standard of living.

### **7.6 Margin Risk:**

You are required to post Margin to support your Trades and open Positions. If your Net Asset Value does not satisfy our Margin requirements, we may close out your Positions without reference back to you.

Due to the volatility of markets, your Margin may be rapidly eroded and you may not have sufficient time to remedy a Margin shortfall before your Positions are closed out. Having a position closed out in this way means that you cannot participate in any subsequent improvements in your Position which may have eventuated had you posted additional Margin and kept the Position open.

### **7.7 Systems Risk:**

MahiFX operates a highly automated system and is reliant on its technology operating as desired. A disruption to either the MahiFX Platform or the MT4 Platform from hardware, software, or other system errors (commonly referred to as a 'crash') may inhibit our ability to offer the MahiFX Platform or the MT4 Platform and restrict or eliminate your ability to Trade with us. Other adverse outcomes from a system failure may be that your Order is not executed according to your instructions, executed with errors and discrepancies, or not executed at all and you may suffer loss as a result.

MahiFX has arrangements in respect of MT4, whereby it licences certain technology from a third party, which enable it to make the MT4 Platform available to you. Both MahiFX and the licensor must continually comply with all terms and conditions under that licence. In certain circumstances - such as if MahiFX breaches those terms and conditions, or if the licensor ceases trading, becomes insolvent or seeks to terminate the licence for an alleged breach – MahiFX's capacity to make the MT4 Platform available to you may be disrupted, exposing you to the risks set out directly above.

### **7.8 Unauthorised Access:**

We are entitled to treat anyone logging on to your MahiFX Account or MT4 Account and conducting trading activity as you. You are responsible for maintaining the secrecy of your login details. If someone accesses your MahiFX Account or MT4 Account and enters into unauthorised trading activity, you may suffer loss.

### **7.9 Customer Monies:**

You must fund your Trading Account prior to entering into transactions with us and once you have entered into transactions with us you are required to post Margin.

Funds in your Trading Account are held in trust, but are not segregated from other customer funds within the trust account.

Additionally, Margin funds may, to the extent permitted by Applicable Law, be transferred to third parties to meet collateral requirements.

In these circumstances, you will have a counterparty exposure to MahiFX (and, indirectly, to its counterparties) and if MahiFX does not meet its obligations or becomes insolvent, you may suffer loss including because either:

- in the event of default by other customers - all the monies held on trust for customers are insufficient to meet MahiFX's obligations to all its customers;
- in the event MahiFX defaults in respect of payment obligations to you, or to other customers – all monies available to meet MahiFX's obligations to all its customers are insufficient, which impacts on the capacity of all customers to recover from MahiFX.

### **7.10 Customer Monies and currency conversion:**

MahiFX may not maintain funds in the Customer Funds Accounts in currencies which directly correspond to the amounts due to each customer in their Native Currency. Should you request repayment of your funds in those circumstances, then any amounts held in currencies other than their Native Currency will need to be converted to their Native Currency for payment. If MahiFX were to become insolvent and needed to convert funds held in the Customer Funds Account into the customer's Native Currency to satisfy the customer's claim,

then the customer could suffer the Spread charged for that conversion and might become an unsecured creditor of MahiFX in respect of the funds owed to you.

### 7.11 Regulatory Risk:

MahiFX is licensed to provide certain financial services by ASIC. Should our license be withdrawn or a stop placed on the issuance of our PDS, we may be unable to transact with you.

## 8. How to Trade with MahiFX

### 8.1 The trading process

MahiFX offers its products online via the MahiFX Platform or, alternatively, the MT4 Platform. Both the MahiFX Platform and the MT4 Platform provide a simple and intuitive interface for customers to enter into “over the counter” Spot FX Contracts. You can trial the products and services available by setting up demonstration accounts, which allow you to familiarise yourself with both the MahiFX Platform and the MT4 Platform and practise trading, without depositing any funds with MahiFX.

To Trade with MahiFX, you will need to:

- a) **Open a Trading Account:** navigate to our website ([www.mahifx.com](http://www.mahifx.com)), read the combined PDS and Financial Services Guide, Terms of Use, and risk warnings. You may then register by completing an application for a MahiFX Account and/or a MT4 Account online.

MahiFX has a detailed account-opening policy and procedure for each new client, which focuses on confirming the identity of the client and source of funds. MahiFX’s Terms of Use set out the terms and conditions that apply to your use of the services provided or made available by MahiFX to you. Those services include your use of the MahiFX website, the MahiFX and MT4 Platforms, any of the specific services available from MahiFX which you use, and all dealings which you have with MahiFX in the course of or relating to MahiFX providing services to you: the terms and conditions therefore apply whether or not you are a registered customer of MahiFX. This PDS should be read in conjunction with those Terms of Use.

- b) **Activate your Trading Account:** after we receive your application and approve your MahiFX Account and/or your MT4 Account, we will send you a welcome email with your account activation instructions. Once you click on the link to activate your account you will receive a welcome confirmation email that your account is open and available for funding.
- c) **Fund your Trading Account:** once your Trading Account is activated you can fund your Trading Account through various methods including credit card payment or bank wire transfer. MahiFX does not impose any minimum amounts that must be deposited to fund your Trading Account. However, some daily (maximum) deposit limits are imposed when you fund your Trading Account using a credit card: you should refer to [www.mahifx.com/payment](http://www.mahifx.com/payment) for further details. You should note that, although there are no funding minimums, the Cash Balance in your Trading Account will determine the amount available to be utilised as Margin to support your Trades and open Positions and might constrain your ability to use the MahiFX services.
- d) **Enter a Trade:** log on to your Trading Account, select a Currency Pair or Metal you wish to Trade (e.g., AUDUSD) and whether you wish to buy or sell. The MahiFX Platform provides quotes for FX products: the “Ask” Price is the price at which you can buy the currency or Metal and the “Bid” Price is the price at which you can sell the currency or Metal. The price difference is known as the “bid-ask-spread” or “Spread”. You may place a Market Order (an Order for immediate execution at the best available price) or a Limit Order (an Order to transact at a specified price or better). MahiFX does not permit customers to enter into Trades over the telephone or via email: all transactions must be transacted through the MahiFX Platform or the MT4 Platform. MahiFX has no minimum Trade size (but your ability to Trade will be constrained by the Cash Balance in your

Trading Account or Net Asset Value you have available to act as Margin). The maximum Trade size is generally 5 million units of the Base Currency, but this limit may vary depending on the Currency Pair or Metal and time zone applying.

- e) **Post Margin:** Margin is a percentage of the total value of a transaction that you are required to post to your Margin Reserve to cover the FX risk arising from opening a Position. Margin is posted automatically by the MahiFX Platform or the MT4 Platform, provided you have a sufficient Cash Balance in your Trading Account. If you have an insufficient Cash Balance in your Trading Account, then the Order or transaction might be rejected, cancelled or fail.

We require that you always have sufficient aggregate Margin in your Margin Reserve to cover any losses you might incur. The Margin Reserve available in your Trading Account with MahiFX will limit the size of any new Positions you can open and will affect when you receive a margin alert and possible Margin Closeout on any open Positions. A Margin Closeout is when either:

- the MahiFX Platform automatically closes all of your open Positions; or
- the MT4 Platform automatically and progressively closes out your least profitable Position(s),

because you have insufficient Margin, so as to significantly decrease the probability of you losing more than the amount that is in your Trading Account.

MahiFX will notify you of the execution of your Order, and you can review completed Orders, by accessing your Trading Account on the MahiFX Platform or the MT4 Platform. You can:

- f) **Monitor Positions:** as soon as a Trade is executed, your Trading Account will be updated on the MahiFX Platform or the MT4 Platform. You may review and manage your Positions via your Trading Account on the MahiFX Platform or the MT4 Platform.
- g) **Manage your Risk:** You alone are responsible for managing the risks associated with your transactions with MahiFX. The MahiFX Platform and MT4 Platform offers three tools to help you manage your risk:

- (i) the Limit Order;
- (ii) the Stop Loss Order; and
- (iii) the Take Profit Order.

A "Limit Order" places a restriction on the maximum price to be paid or the minimum price to be received for a FX transaction.

A "Stop Loss Order" ensures that when a predetermined price is reached it will trigger a particular Position to automatically close out (liquidate) in order to limit potential losses should the market move to the detriment of your Position. A Stop Loss Order remains in effect until cancelled by you or the Position is closed out.

A "Take Profit Order" ensures that when a predetermined price is reached it will trigger a particular Position to automatically close out (liquidate) in order to realise gains should the market move in your favour. A Take Profit Order remains in effect until cancelled by you or the Position is closed out.

You should note, however, that while reaching a predetermined price will trigger a Stop Loss or Take Profit Order, extreme market conditions might prevent the execution of an individual Stop Loss Order or Take Profit Order at or even around the specified price despite other dealing activity at that price level (also see the heading 'Liquidity Risk' on page 14 ). The outcome might occur if, for example, the market was moving very rapidly at the time the trigger occurred. However, MahiFX will execute any Stop Loss or Take Profit Order at the next available price following the trigger of any Order.

- h) **Close Positions:** you can close Positions; (i) manually when logged on to your Trading Account on the MahiFX Platform or the MT4 Platform, and (ii) automatically by operation of a “Stop Loss Order” or “Take Profit Order”. Again, however, you should note that market conditions might prevent the execution of an individual Stop Loss Order or Take Profit Order at or even around the specified price despite other dealing activity at that price level.

As part of the process you follow to open an account with MahiFX and by virtue of using MahiFX’s services, you agree and acknowledge that:

- i) You have read, understood and accepted our Terms of Use.
- j) You have downloaded, read and understood this PDS and our Financial Services Guide and, where appropriate and as necessary, consulted with your financial advisor or obtained other independent advice on the use of MahiFX’s services.
- k) You use MahiFX’s services at your own risk: you alone bear the loss of any money you have invested. Trading in currencies is inherently risky (including as a result of the unpredictable and volatile nature of currency valuations and prices) and the use of MahiFX’s services can never be considered a safe investment and carries with it a high risk of loss.
- l) MahiFX does not provide any advice, including financial product advice, which takes into account your personal objectives, financial situation or needs and because of that:
- i) you should consider the appropriateness of the general advice, having regard to your objectives, financial situation and needs; and
- ii) you should seek professional advice from a suitably qualified and independent financial advisor.
- m) This PDS contains a description of the key features and significant risks associated with FX transactions, entering into or settling trades, and of dealing with MahiFX. However, it does not reflect all of the risks as well as other important aspects intrinsic to FX transactions and, before starting to Trade, we recommend that you seek appropriate financial, legal and/or taxation advice.
- n) You have read and understood our Privacy Policy and consented to the collection and use of your personal information as outlined in that Policy.

## **8.2 Confirmation of transactions**

All transactions which you enter into with MahiFX, whether it be the execution of a Trade or closing out a Position or otherwise, are confirmed by the MahiFX Platform or the MT4 Platform on a real time basis.

The MahiFX Platform and the MT4 Platform also keep a record of all transactions entered into by you with MahiFX in respect of your Trading Account.

MahiFX monitors the Mark-to-Market value of your Positions in real time and adjusts the Margin you are required to hold in your Margin Reserve accordingly. Broadly speaking, the Margin adjustments to your Margin Reserve reflect the Mark-to-Market movement of all your open Positions. When Positions are closed, you will no longer be required to post Margin and your Margin Reserve will be adjusted to reflect this change.

FX Positions may be left open at the close of MahiFX’s normal trading day, which it regards as 5:00 PM New York time (EST) on a Business Day. Such Positions are automatically Rolled Over by MahiFX and, depending on the Currency Pair or Metal, will either earn or pay a small premium or discount (a Swap Credit or Charge), reflecting the difference between market interest rates for each currency or Metal.

That is, the Swap Credit or Charge represents the net interest due to you or payable by you in respect of interest receivable on the bought (or long) side of a Position and interest payable on the sold (or short) side of a Position, in each case determined using LIBOR/LIBID interest rates, due to the settlement date being extended (Rolled Over).

## 9. Trading Examples

MahiFX allows you to Trade non-deliverable Spot FX Contracts on a Margin or Leveraged basis. We provide below examples of a number of different transactions on the MahiFX Platform. Please note that these examples are for illustrative purposes only and do not reflect current market rates nor the specific circumstances or obligations that may arise under the particular derivative contract(s) you enter into.

### 9.1 AUD/EUR Example

Suppose you believe that the Australian dollar (AUD) will appreciate against the Euro (EUR). You could enter into a Spot FX Contract to buy AUD and sell EUR. You chose to buy AUD \$100,000 (the notional value of the contract) at the rate of 0.8100, meaning that you have sold EUR €81,000. At the same time you could put in place a Stop Loss Order to limit potential losses should AUD depreciate against EUR (to, say, 0.8000) or a Take Profit Order to close out the Position when a certain profit level is achieved (at, say, 0.8200). You might wish to put a Take Profit Order in place if you think the AUD will appreciate against the EUR in the short-term, but not sustain that higher value. This transaction will require you to post (initial) Margin of AUD \$1,000.

We outline below the consequences arising in a number of scenarios:

#### 9.1.1 Scenario One – AUD appreciates against EUR and the exchange rate is now 0.8150

In this case, you would have made a profit of approximately AUD \$613, being the difference between AUD \$100,000 at 0.8100 (EUR €81,000) and AUD \$100,000 at 0.8150 (EUR €81,500) of EUR €500 converted to AUD at the prevailing rate of 0.8150. Neither the Stop Loss Order nor the Take Profit Order would have been triggered and you can manually close out the Position by accessing your MahiFX Account and entering a Market Order to sell AUD \$100,000 for EUR at the prevailing rate of 0.8150.

#### 9.1.2 Scenario Two – AUD appreciates against EUR and the exchange rate is now 0.8250

In this case, the Take Profit Order at 0.8200 would have been triggered and the Position would have been closed out automatically at that rate. You would have made a profit of approximately AUD \$1,219, being the difference between AUD \$100,000 at 0.8100 (EUR €81,000) and AUD \$100,000 at 0.8200 (EUR €82,000) of EUR €1,000 converted to AUD at the Take Profit Order rate of 0.8200. Note that, without the Take Profit Order, you would have made a profit of approximately AUD \$1,818, being EUR €1,500 converted to AUD at the prevailing rate of 0.8250.

#### 9.1.3 Scenario Three – AUD depreciates against EUR and the exchange rate is now 0.8050

In this case, you would have made a loss of approximately AUD \$621, being the difference between AUD \$100,000 at 0.8100 (EUR €81,000) and AUD \$100,000 at 0.8050 (EUR €80,500) of EUR €500 converted to AUD at the prevailing rate of 0.8050. Neither the Stop Loss Order nor Take Profit Order would have been triggered and you can manually close out the Position by accessing your MahiFX Account and entering a Market Order to sell AUD \$100,000 for EUR at the prevailing rate of 0.8050.

#### 9.1.4 Scenario Four – AUD depreciates against EUR and the exchange rate is now 0.8000

In this case, the Stop Loss Order at 0.8000 will have been triggered and the Position will have been closed out automatically at that rate. You would have made a loss of approximately AUD \$1,250, being the difference between AUD \$100,000 at 0.8100 (EUR €81,000) and AUD \$100,000 at 0.8000 (EUR €80,000) of EUR €1,000 converted to AUD at the Stop Loss Order rate of 0.8000.

#### ***Trading example and Margin requirements***

Please note that in this example you are initially required to post (initial) Margin of AUD \$1,000 to your Margin Reserve. The level of required Margin will be monitored by the MahiFX Platform and the MT4 Platform in real-time and daily variances (called variation

Margin) will be made to your Margin Reserve automatically provided you have sufficient funds in your Cash Balance. The variation Margin might be a positive depending on the movement of your open Position. As you are generally only required to post Margin of 1%, your exposure to the AUDEUR exchange rate is amplified or Leveraged by a factor of 100 times the Margin. Accordingly, even a slight fluctuation in the FX rates can mean substantial gains when these fluctuations are in your favour, but could also mean considerable losses if the fluctuations are to your detriment.

## 9.2 Metal example and Margin requirements

Suppose you believe that Gold (XAU) will appreciate against the Australian dollar (AUD). You could enter into a Spot FX Contract to buy XAU and sell AUD. You choose to buy 10 oz of XAU (the notional value of the contract) at the rate of 1,602.60, meaning that you have sold AUD \$16,026. MahiFX permits leverage of 25:1 for Metals (i.e., 4% Margin).

Please note that in this example you are initially required to post (initial) Margin of AUD \$641.04 to your Margin Reserve. Your exposure to the XAUAUD exchange rate is amplified or leveraged by 25 times the Margin.

## 9.3 Leverage Risk Example in Extreme Market Conditions

Extreme market conditions can occur at any time and in any Currency or Metal Pair. For example, in January 2015 the Swiss National Bank unexpectedly abandoned its cap on the CHF's value versus the EUR. Currency markets worldwide erupted into chaos as market volatility eliminated all liquidity in the market.

Suppose we had a similar event in the future. Assume that prior to an event you believe that the Australian dollar (AUD) will appreciate against the Swiss Franc (CHF). You could enter into a Spot FX Contract to buy AUD and sell CHF. You chose to buy \$100,000 AUD (the notional value of the contract) at the rate of 0.76840, meaning that you have sold CHF 76,840. At the same time you could put in place a Stop Loss Order to limit potential losses should CHF depreciate against AUD (at, say, 0.7500). This transaction will require you to post (initial) Margin of AUD \$1,000.

We outline below the consequences arising in the following scenario:

**In response to a news event the AUD depreciates rapidly against CHF and prices push through your Stop Loss Order of 0.7500. Your order was closed out at the next available price of 0.7300.**

While reaching a predetermined price will normally trigger a Stop Loss Order, extreme market conditions might prevent the execution of an individual Stop Loss Order at or even around the specified price.

In this case, because the market was moving very rapidly in response to the news event at the time the trigger occurred, prices pushed through the Stop Loss Order of 0.7500 and MahiFX were only able to execute the Stop Loss Order at the next available price 0.7300.

In this case, you would have made a loss of approximately AUD \$3,840, being the difference between AUD \$100,000 at 0.76840 (CHF) and AUD \$100,000 at 0.7300 (CHF €73,000) of AUD \$1,000 converted to CHF at the Stop Loss Order rate of 0.7300.

Because of these extreme market conditions, in this example you have lost more than your initial AUD \$1,000 investment and you owe MahiFX a further AUD \$2,840.

*Each example provides an example of a particular scenario only and does not reflect the specific circumstances or the obligations that may arise under an FX contract entered into by you. It is important to note that the decision to enter into Trades with MahiFX is always your decision and you should understand the risks and benefits (as outlined in this PDS) of entering into transactions with MahiFX. MahiFX cannot predict what future FX or Metal rates might be. Our FX and Metal rate quotations are not a forecast or advice on where we believe FX or Metal rates will be at a future date. We do not guarantee that a contract or Trade you enter into will generate a return for you.*

## 10. Calculation of FX Rates, and MahiFX as market maker

As a market maker, MahiFX continuously publishes rates at which customers can buy or sell currencies or Metals on the MahiFX Platform and MT4 Platform. Our prices are formed from the information available to MahiFX and represent our best estimate of the market price. Currency and Metal prices are influenced by supply and demand factors (both internal and external to MahiFX) and a variety of economic and political conditions, including (but not limited to) interest rates, inflation, economic performance and political stability. Because the FX and derivatives products markets are decentralised, without a single central exchange where all transactions are conducted, each market maker (including MahiFX) may quote slightly different prices. Accordingly, we may quote FX rates that differ from those available in other markets or from other persons for the sale and purchase of FX products.

All our quoted FX rates are indicative and no FX products will be entered into at that rate unless and until your Order is accepted and executed. The result of any system failure or communication errors or delays may result in your Order either not being executed according to your instructions, executed with errors and discrepancies, or not executed at all. Furthermore, if you seek to exploit such failures, errors or delays, then MahiFX may revoke any contract or Trade that relies on such failures, errors or delays and may make necessary corrections or adjustments to your Trading Account.

As a market maker, all transactions are entered into with MahiFX as principal and represent a binding agreement between MahiFX and you. MahiFX derives income in the form of Spreads between the prices it bids to buy and offers to sell FX products. Spreads may differ from time-to-time across currencies and FX products and can widen (without prior notice) due to volatile market conditions or around news events. Our Spreads are reflected in the prices we quote for the FX products you can Trade on the MahiFX Platform and MT4 Platform.

## 11. Margins

To ensure you can cover any losses you might incur on your Positions, we require you to post Margin in your Margin Reserve. R and will affect when you receive a Margin alert and possible Margin Closeout. A “Margin Closeout” is when the MahiFX Platform automatically closes all of your open Positions, or the MT4 Platform closes out your least profitable position(s), to significantly decrease the probability of losing more than the amount that is in your Trading Account.

The term Leverage is often used to describe the Margin requirements. It refers to the deposit required in order for you to open the Position. MahiFX permits Leverage of 100 to 1 for all major currencies, 50 to 1 for minors and 25 to 1 for metals (refer to the table below at section 11.1 for details of which Currency Pairs constitute majors and minors, and available metals pairs).

### 11.1 Margin Requirements

The table below outlines MahiFX’s Margin requirements as at the date of this PDS.

<b>Majors 100:1 (1% Margin)</b>	<b>Minors 50:1 (2% Margin)</b>	<b>Metals 25:1 (4% Margin)</b>
AUD, CAD, CHF, DKK, EUR, HKD, GBP, JPY, NOK, NZD, SEK, SGD and USD  (Note: any combination or pair of the above currencies is possible with this level of Margin)	AUD/HUF, AUD/MXN, AUD/PLN, AUD/ZAR	XAG/USD, XAG/AUD, XAG/EUR, XAG/HKD, XAG/JPY
	CAD/MXN, CAD/PLN, CAD/TRY	XAU/USD, XAU/AUD, XAU/EUR, XAU/HKD, XAU/JPY

	CHF/HUF, CHF/PLN, CHF/TRY, CHF/ZAR	
	EUR/HUF, EUR/PLN, EUR/RON, EUR/TRY, EUR/ZAR	
	GBP/HUF, GBP/MXN, GBP/PLN, GBP/TRY, GBP/ZAR	
	HUF/JPY	
	MXN/JPY	
	NZD/HUF, NZD/MXN, NZD/PLN, NZD/TRY, NZD/ZAR	
	TRY/JPY	
	USD/HUF, USD/MXN, USD/PLN, USD/RON, USD/TRY, USD/ZAR	
	ZAR/JPY	

Any update to available Currency Pairs or Metals, or the required Margin, will be available on our website at [www.mahifx.com](http://www.mahifx.com).

#### 11.1.1 Margin Calculation on the MahiFX Platform

The MahiFX Platform considers both the Base Currency and Terms Currency of a Trade when calculating your Margin requirements.

For example: if you traded USDJPY, we would require Margin of 0.5% of the USD amount and 0.5% of the JPY amount so the total Margin is 1% reflecting the fact that USDJPY is a major Currency Pair.

Whereas, if you were to trade USDTRY, we would require Margin of 0.5% of the USD amount and 1.5% of the TRY amount so the total Margin would be 2% reflecting the fact that USDTRY is a minor Currency Pair.

#### 11.1.2 Margin Calculation on the MT4 Platform

The MT4 Platform calculates Margin only by reference to the Base Currency (i.e., the first mentioned currency on the left hand side of a Currency Pair) of a Trade.

For example: if you traded USDJPY, we would require Margin of 1% of the USD amount (the Base Currency of the Currency Pair) reflecting the fact that USDJPY is a major Currency Pair.

Whereas, if you were to trade USDTRY, we would require Margin of 2% of the USD amount (the Base Currency of the Currency Pair) reflecting the fact that USDTRY is a minor Currency Pair.

MahiFX reserves the right to vary, from time-to-time and in its sole discretion, the Margin requirements offered to customers and which Currency Pairs are classified as major or minor.

### 11.2 Cross Margining on the MahiFX Platform

It is your obligation to monitor your positions at all times and deposit additional funds into your Trading Account to maintain the Margin required for your Positions in your Margin Reserve.

The MahiFX Platform utilises Cross Margining to maximise the efficiency of your Margin utilisation. Cross Margining means we aggregate your bought (long) Positions and sold (short) Positions for each currency and only assess Margin on the net exposure.

For example, let's say you buy 100,000 EURUSD at 1.3033. The Margin is converted to your Native Currency, AUD in this case, to arrive at your total Margin in your Native Currency. Your Margin information is available and can be viewed on the MahiFX Platform under Margin Reserve. If you then sold 100,000 EURCHF, your EUR balance nets to zero (you have both bought and sold 100,000 EUR) and the EUR Margin has reduced to zero. However, there is now a Margin required for the CHF balance.

### **11.3 Margining on the MT4 Platform (no Cross Margining on the MT4 Platform)**

Again, it is your obligation to monitor your positions at all times and deposit additional funds into your Trading Account to maintain the Margin required for your Positions in your Margin Reserve.

The MT4 Platform calculates margin on your net exposure under each Currency Pair. However, it does not net all currency exposures (in the way that the MahiFX Platform does) and only nets each Currency Pair exposure.

For example, let's say you buy 100,000 EURUSD at 1.3033. The Margin is converted to your Native Currency, AUD in this case, to arrive at your total Margin in your Native Currency. Your Margin information is available and can be viewed on the MT4 Platform under Margin Reserve. If you then sold 100,000 EURCHF, your EUR balance is not netted to zero (even though you have effectively both bought and sold 100,000 EUR). Margin is required for both the EURUSD Trade and EURCHF Trade.

### **11.4 Margin Calls**

We require that you always have sufficient Net Asset Value available to cover any losses you might incur. We mark all your Positions to market in real-time to monitor the impact of market price fluctuations. If market prices move to the detriment of your Positions, you will be required to "top up" your Margin in your Margin Reserve (referred to as calling variation Margin). Both the MahiFX Platform and the MT4 Platform automatically monitors your Margin requirements in real-time and will transfer variation Margin into and out of your Margin Reserve as required. Effectively, your Net Asset Value must exceed the Margin requirements noted below.

You will only be allowed to Trade or maintain open Positions where you have satisfied our Margin requirements by either having sufficient Net Asset Value or providing further cleared funds. If you do not maintain sufficient Net Asset Value in your Trading Account to meet your required Margin, your Positions may be closed out.

#### **11.4.1 MahiFX Platform**

In an attempt to ensure you have sufficient warning to manage your Trading Account and Margin requirements, we will alert you by email and via 'notifications' in the MahiFX Platform, at the following stages:

- 100% of the required Margin.
- 75% of the required Margin.
- 60% of the required Margin.
- 52.5% of the required Margin.

Alerts are also sent at 5 p.m. New York time (EST) if your Net Asset Value is less than the required Margin.

#### **11.4.2 MT4 Platform**

In an attempt to ensure you have sufficient warning to manage your Trading Account and Margin requirements, we will alert you by email and via 'notifications' in the MT4 Platform when your account reaches 75% or less of the required Margin. We will continue to send you email alerts and notifications every 24-hours until you deposit additional cleared funds to meet your required Margin or your Position(s) is (are) closed out.

### **11.5 Margin Closeouts**

In order to significantly decrease the probability of losing more than the Cash Balance of your Trading Account, if you no longer have sufficient Margin we can close you out. Closeout will occur when: (a) your Net Asset Value is less than or equal to 50% of the required Margin to support your open Positions; or (b) after 5 Business Days of being in breach of your Margin

requirements (i.e., your New Asset Value being less than 100% of the total Margin required) (a **Margin Closeout Event**).

Please note that in a fast moving market, there may be little time between Margin alerts or there may not be sufficient time to warn you at all. It is your responsibility to monitor your Positions at all times and deposit additional cleared funds to maintain your Margin requirements: you should proactively manage the status of your Trading Account.

#### **11.5.1 MahiFX Platform**

On the MahiFX Platform, if you have a Margin Closeout Event, then we will close all your open Positions automatically using the market rate applicable at the time of closing.

#### **11.5.2 MT4 Platform**

On the MT4 Platform, if you have a Margin Closeout Event, then we will close out your least profitable position(s) automatically using the market rate applicable at the time of closing, until you have sufficient Net Asset Value to support the Margin required on your open Positions (which could mean all your open Positions are closed).

#### **11.6 Closeout of Positions**

When you close out a Position, the MahiFX Platform and the MT4 Platform automatically recognises that you no longer need to post Margin to support that Position. Your Margin Reserve will be adjusted to reflect this change.

### **12. Customer Funds – Your Trading Account**

#### **12.1 Deposits**

Funds you deposit with us are credited to your Trading Account when we are satisfied that you are the person who sent the funds and when those funds have cleared. Only the account holder can deposit funds, and while there is no minimum or maximum amount you may deposit, funds must be deposited in your Native Currency. Any funds received in a currency other than your Native Currency will be automatically converted to your Native Currency when credited to your Trading Account.

MahiFX does not accept funds unless we are satisfied the payment has come from you and you have complied with all anti-money laundering and counter terrorist financing requirements.

Funds in your Trading Account are referred to as your Cash Balance.

#### **12.2 Credit cards and bank transfers**

MahiFX accepts Mastercard, Visa and Wire (bank) transfers. Credit card deposits will appear in your account instantly as MahiFX can receive instant bank verification. Bank wire transfers may take 2 to 5 days to be cleared depending on your bank and MahiFX will apply the funds to your account on the same day they are cleared.

#### **12.3 Withdrawals**

You may withdraw funds from MahiFX at any time. You may withdraw the Cash Available balance in your Trading Account (which excludes funds utilised as Margin). If you withdraw funds from your Trading Account, you should ensure your Trading Account continues to have sufficient funds to cover your Margin requirements should the market move to the detriment of your Positions. There is no maximum withdrawal limit. However, you cannot withdraw an amount less than any transactional (money transfer) fees we charge.

To comply with anti money laundering protocols, for the first 8 weeks after funds are first deposited from a credit card, those funds may only be refunded to that same credit card. No other funds may be refunded to that credit card during the 8 week qualification period.

Withdrawal requests are processed on the same business day. We will send you a confirmation when we have sent the instruction to our bank and when they confirm to us that the payment has been sent. This confirmation is sent by email and can also be found in account notifications section on the MahiFX Platform MT4 Platform. Funds are only returned in your base currency. Credit card refunds will be made overnight. Wire transfers can take

from 2 to 5 days to be credited to your account, depending on your bank.

#### **12.4 Funds transferred to MahiFX: Currencies, conversions, risks**

All client funds are held separate to the funds of MahiFX in trust accounts. Such funds are held, used and withdrawn in accordance with the Corporations Act 2001 (Cth) and our Terms of Use. The MahiFX Customer Funds Accounts are held with major banking institutions.

MahiFX maintains Customer Funds Accounts in the following currencies: AUD, CAD, EUR, GBP, JPY, NZD, and USD.

It is important to note that MahiFX may not maintain funds in the Customer Funds Accounts in currencies that directly correspond to the amounts due to each customer in their Native Currency. For instance, funds held in the Customer Funds Accounts on behalf of a customer with an AUD Native Currency may be held in currencies other than AUD. Should the customer request repayment of their funds, then any amounts held in currencies other than their Native Currency will need to be converted to their Native Currency for payment. If MahiFX were to become insolvent and needed to convert funds held in the Customer Funds Account into the customer's Native Currency to satisfy the customer's claims, then the customer could suffer the Spread charged for that conversion and might become an unsecured creditor of MahiFX in respect of that amount if a deficit arises.

Your funds in our Customer Funds Accounts are not held separate from the funds of other customers. It is important to note that holding your money in one or more trust accounts may not afford you absolute protection. The establishment of separate Customer Funds Accounts and holding funds on trust is to segregate our customer's funds (including your funds) from our own funds. If the amount held in our Customer Funds Accounts does not satisfy or fully satisfy the amounts we owe to you and we become insolvent, then you will become an unsecured creditor of MahiFX in relation to the funds owing to you.

A further consequence of pooling client funds is that your funds may, to the extent permitted by Applicable Law, be used to meet the payment obligations of our other customers and your balance may not be protected or you may suffer loss if there is a default by another client that causes a loss to the overall Customer Funds Accounts balances. To mitigate this risk, we have comprehensive Margin and Margin Closeout rules and will, in the short-term, use our own company funds to cover any customer balance shortfall while we pursue the defaulting customer for payment. However, if there is a shortfall in the Customer Funds Account and we become insolvent, then you will be an unsecured creditor of MahiFX in relation to the shortfall of any moneys owing to you from the Customer Funds Accounts.

#### **12.5 Appropriation of funds by MahiFX**

You agree under our Terms of Use that when you instruct MahiFX in respect of a contract or Trade, then MahiFX may transfer from your Trading Account all moneys required to execute the contract or Trade.

You agree that MahiFX may transfer from your Trading Account, moneys to be used for authorised hedging activities. Money may be transferred to a hedging counterparty as is reasonably required for entering in to derivatives with the hedging counterparty or for settling or securing those derivatives with the hedging counterparty in accordance with Applicable Law.

#### **12.6 Interest on your funds**

You will not receive interest on balances in your Trading Account or in the Customer Funds Accounts. MahiFX is entitled to retain any interest on these funds as per its Terms of Use.

### **13. Fees and Charges**

#### **13.1 FX Transactions – Spread & Interest**

MahiFX does not charge you fees or commissions to enter into an FX transaction. We earn our revenue from the difference (the Spread) between the price paid to buy or sell the Base Currency expressed against the Terms Currency.

The Spread is incorporated into the price of the currency of Metal quoted on the MahiFX Platform and MT4 Platform and is not an additional fee or charge payable by you. The Spread will vary depending upon the size of the transaction, currencies or metals being bought and sold, the composition of MahiFX's currency exposures, and prevailing market conditions.

MahiFX also earns revenue from any interest received on funds held in the Trading Account or in the Customer Funds Accounts.

As per its Terms and Conditions, MahiFX is entitled to retain any interest earned on any funds held in the Trading Accounts or in the Customer Funds Accounts.

### 13.2 Swap Credits and Charges

Where a Position is held at the close of the Business Day (5 pm New York Time (EST)) prior to its Value Date (i.e., its settlement date), that Position will be Rolled Over to a new Value Date on a Tom/Next basis and a Swap Credit or Charge will be made with respect to the Position. The Swap Credit or Charge is a premium or discount that represents the net interest due to you or payable by you in respect of interest receivable on the bought (long) side of a Position and interest payable on the sold (short) side of a Position, in each case determined using LIBOR/LIBID interest rates or Metal Lease Rates, due to the settlement date being extended (Rolled Over).

The LIBOR/LIBD rate is the average interest rate estimated by leading banks in London that the average leading bank would be charged if borrowing from other banks. The Metal Lease Rates are the rates published by the London Bullion Market Association that contributors would be prepared to lend metals on a swap against US dollars. MahiFX uses these interest and lease rates as its reference rate to determine the applicable Swap Credit or Charge on every position held at the close of each trading day.

### 13.3 Money Transfer Fees

No fees are payable to MahiFX if you fund your Trading Account via a bank transfer/wire (although your bank may impose a charge).

If you choose to fund your Trading Account via a credit card payment, MahiFX will charge a transaction fee equal to 2.5% of the value transferred. For example, if you transfer AUD \$10,000 via a credit card payment, then you will be charged a transaction fee of AUD \$250.

For withdrawals via bank transfer/wire or credit cards, MahiFX imposes fixed transactional charges based on the currency involved. MahiFX's charges, as at the date of this PDS, are outlined below. However, MahiFX reserves the right to change these charges at any time and you should refer to the Fee Schedule at [www.mahifx.com/payment](http://www.mahifx.com/payment) to review the current rates.

Bank transfers	Credit cards
AUD 15.00	AUD 5.00
CAD 15.00	CAD 5.00
EUR 12.50	EUR 4.50
GBP 10.00	GBP 3.50
JPY 1,200	JPY 400
NZD 20.00	NZD 7.50
USD 15.00	USD 5.00

## 14. Example of Fees and Charges

### 14.1 Funding your Trading Account

Suppose you open an AUD Native Currency account on the MahiFX Platform and deposit AUD \$5,000.00 into your Trading Account with a credit card payment. In this case, a transaction fee of 2.5% of the transferred amount (AUD \$5,000.00) or AUD \$125.00 would be

charged by MahiFX. The net amount available for investment or to act as Margin is, therefore, AUD \$4,875.00: this amount is credited to your Trading Account and forms its opening balance (your Cash Balance).

#### **14.2 Enter into a Trade**

You wish to trade the AUDUSD Currency Pair. The current MahiFX Bid Price is 1.0500 and the Ask Price is 1.0502.

You decide to enter into a Trade to sell AUD \$100,000.00 AUDUSD at the MahiFX Bid Price of 1.0500: this Trade means you have a short exposure (a liability) of AUD \$100,000.00 representing the AUD you have sold and a long exposure (an asset) of USD \$105,000.00 representing the currency you have bought.

You are required to post Margin of 0.5% of both legs of the transaction: i.e., 0.5% of AUD \$100,000.00 (being AUD \$500.00) and 0.5% of USD \$105,000.00 (being USD \$525) (please note that if you are using the MT4 Platform, then Margin of 1% of the AUD amount would be required). When converting your Margin to AUD the USD Margin amount is converted at the currency mid-rate of 1.0501  $[(1.0500+1.0502)/2]$  and equates to AUD \$476.15. The total Margin, therefore, required is AUD \$976.15. This amount will be added to your Margin Reserve, meaning that your Cash Available is now \$3,898.85 [Cash Balance of AUD \$4,875.00 less Margin Reserve of AUD \$976.15].

At this point in time, MahiFX has not charged you anything for entering into the Trade.

#### **14.3 Exit from a Trade**

Let's assume that in one day's time the currency rates have not moved and the current MahiFX Bid Price is still 1.0500 and the Ask Price is 1.0502.

To exit from or close your Position, you must buy AUD \$100,000.00 AUDUSD at the MahiFX Ask Price of 1.0502: this Trade means you have acquired AUD \$100,000 (an asset) for USD \$105,020.00 (a liability). The AUD legs of AUD \$100,000.00 each offset to AUD \$nil and the USD asset of USD \$105,000.00 offsets against the USD liability of USD \$105,020.00, resulting in a net liability of USD \$20.00: this liability represents your loss from the Trade and arises from the difference between the Bid Price and the Ask Price. This loss represents a gain or income to MahiFX.

The loss is then converted to AUD using the Ask Rate of 1.0502 so that it may be credited to your Trading Account in your Native Currency. This conversion means that USD \$20.00 equates to AUD \$19.04. This loss will be deducted from your Trading Account and paid to MahiFX.

The closing of this Position also means that the Margin held in your Margin Reserve can be removed. The balance of your Trading Account is now AUD \$4,855.96 [Cash Balance of AUD \$3,898.85 less your trading loss of AUD \$19.04].

#### **14.4 Withdrawal of funds**

You now wish to withdraw the entire balance of your MahiFX Account (being \$4,855.96) by repayment to your credit card. The credit card withdrawal fee for the in AUD is AUD \$5.00. The net amount repaid to you by MahiFX is \$4,850.96.

### **15. Taxation Implications**

Taxation law is complex and its application will depend upon your individual circumstances. When determining if this product is right for you, you should consider the impact on your own taxation position and seek professional taxation advice.

### **16. Cooling Off**

There is no cooling off period in relation to foreign exchange transactions.

## 17. If You Have a Complaint

We have an internal complaint resolution process that is there to assist in the resolution of any issues arising from a complaint about a product or service received from us. If you would like to use this process, please contact us:

- via the MahiFX Platform or MT4 Platform;
- by email at [complaints@mahifx.com](mailto:complaints@mahifx.com); or
- by phone on +44 (0)203 397 1825 or +64 3 288 0389

We will always acknowledge any complaint promptly and provide a substantive response within no more than 45 days.

If your complaint is not resolved to your satisfaction, please contact our Complaints Officer at:

*Complaints Officer, MahiFX Limited, PO Box 401, Christchurch 8140, New Zealand.*

MahiFX is a member of the Financial Ombudsman Service Limited (**FOS**) in Australia. Our membership number is 28606. If you feel your complaint has not been dealt with satisfactorily by MahiFX in Australia, you are entitled to refer the complaint to the FOS.

The FOS's contact details are as follows:

*Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne VIC 3001  
Australia*

MahiFX is also a member of the Financial Dispute Resolution (**FDR**) service in New Zealand. Our membership number is FM1028. If you feel your complaint has not been dealt with satisfactorily by MahiFX in New Zealand, you are entitled to refer the complaint to the FDR.

FDR's contact details are as follows:

*Financial Dispute Resolution  
Freepost 231075  
PO Box 5730  
Wellington 6145  
New Zealand*

Please note the FOS and/or FDR will only investigate cases once MahiFX has been given the opportunity to discuss and resolve the complaint with customers. To allow us to do this, customers must have first lodged a formal complaint with us in writing and given us the opportunity to resolve it.

## 18. Compensating Clients for loss or damage

MahiFX holds adequate Professional Indemnity insurance to compensate customers for the loss or damage attributed to breaches of any relevant legislative obligations by MahiFX or any of its representatives.

These arrangements satisfy the requirements of section 912B of the Corporations Act 2001.

## 19. Labour Standards and Environmental, Social and Ethical Considerations Taken Into Account

No labour standards or environmental, social or ethical considerations are taken into account when making, holding, varying or ending foreign currency transactions.

## 20. Privacy Statement

MahiFX only collects personal information to the extent necessary for one or more of MahiFX's functions or activities. If you do not provide any requested personal information to MahiFX, we may not be able to provide you with access to and use of the MahiFX and MT4 Platforms or the MahiFX services.

MahiFX may disclose (and you are deemed to consent to MahiFX disclosing) your personal information for the purposes for which it is collected and for any related purposes; to its affiliated entities for the purpose of such affiliated entities contacting you about their products and services; to any person who acquires or expresses an interest in acquiring all or any part of MahiFX's business; to any person where necessary or desirable in connection with MahiFX investigating, preventing or taking action regarding any breach or suspected breach by you of our Terms of Use or any law; to any person as required or authorised by or under law; to any other person to whom you subsequently consent from time-to-time.

MahiFX may place a "cookie" (a small text file) on any computer you use to access the website and MahiFX and MT4 Platforms. Cookies help MahiFX make the website and MahiFX and MT4 Platforms easy to use. When you revisit the website, the cookie will enable MahiFX to recognise you as a previous user.

MahiFX may transfer (subject to certain conditions) your personal information outside of Australia.

MahiFX takes reasonable steps to make sure that the personal information that MahiFX collects, uses or discloses is accurate, complete and up to date.

MahiFX takes reasonable steps to protect the personal information that MahiFX holds from misuse and loss and from unauthorised access, modification or disclosure. MahiFX takes reasonable steps to destroy or permanently de-identify any Personal Information that is no longer needed for any purpose.

MahiFX's Privacy Statement can be viewed in full on its website at [www.mahifx.com/privacy](http://www.mahifx.com/privacy).

## **21. Terms and Conditions**

MahiFX's Terms of Use set out the terms and conditions that apply to your use of the services provided or made available by MahiFX to you. Those services include your use of the MahiFX website, the MahiFX and MT4 Platforms, any of the specific services available from MahiFX which you use, and all dealings which you have with MahiFX in the course of or relating to MahiFX providing services to you: the terms and conditions therefore apply whether or not you are a registered customer of MahiFX. This PDS should be read in conjunction with those Terms of Use.

MahiFX's Terms of Use may be obtained at [www.mahifx.com](http://www.mahifx.com).

## **22. Financial information**

MahiFX commenced trading in March 2012. The MahiFX balance sheet, drawn from latest audited financial accounts, is available on the MahiFX website at [www.mahifx.com](http://www.mahifx.com) within 30 days after they are lodged with ASIC.

## **23. Other Information**

Other information about MahiFX and/or the products contained within this PDS may be found on the MahiFX website at [www.mahifx.com](http://www.mahifx.com). If you have any questions in relation to us or the products covered by this PDS we may be contacted on +64 3 288 0389.

MahiFX has a comprehensive list of 'frequently asked questions' that can be reviewed at [www.mahifx.com/support](http://www.mahifx.com/support). These include answers to 'Questions a potential investor should ask' as suggested by ASIC.

The website also sets out information relating to the most up to date information concerning:

- fees and costs and other amounts, and payment conditions, for which you are liable when transacting with MahiFX;
- the Spread which applies to each contract or trade you enter into with MahiFX; and
- Margin requirements.

Any changes which will result in you having to pay a direct fee or charge will be notified to you within the periods required by the Corporations Act.

## Part 2 - Definitions

Unless expressed or implied to the contrary, the following words have the meaning set out below in the PDS:

<i>AEST</i>	Australian Eastern Standard Time.
<i>Applicable Law</i>	Applicable law in Australia.
<i>ASIC</i>	Australian Securities and Investments Commission.
<i>Ask Price</i>	The price at which you can buy the Metal or currency in question. Also referred to as the “offer” or “buy” price.
<i>Base Currency</i>	Means the first currency or Metal of a Currency Pair. FX rates are quoted as the price of one currency of Metal (the Base Currency) expressed in terms of another currency or Metal (the Terms Currency).
<i>Bid Price</i>	The price at which you can sell the currency or Metal in question. Also referred to as the “sell” price.
<i>Business Day</i>	Means either Monday to Friday, excluding public holidays, in New South Wales, Australia or Monday to Friday, excluding public holidays, in New York, USA (as the context requires).
<i>Cash Available</i>	In relation to a customer, means the sum of the Cash Balance and Margin Reserve net of any unrealised gains and losses with respect to open Positions.
<i>Cash Balance</i>	Means the amount of cash you have deposited into your Trading Account, less withdrawals you have made, and net of any realised gains and/or losses from closed-out Positions.
<i>CFD</i>	Contract for difference being, in the context of MahiFX and this PDS, FX Contracts. Generally speaking, the term refers to derivative products which allow investors trading in them to take a position on the change in the value of an underlying asset.
<i>Cross Margin</i>	Cross Margining refers to the practice used on the MahiFX Platform of aggregating all your bought (long) Positions and sold (short) Positions for each currency or Metal and only assessing Margin on the net exposure.
<i>Customer Funds Accounts</i>	Bank accounts with major banking Institutions that hold funds on trust for customers.
<i>Currency Pairs</i>	Means a Base Currency and a Terms Currency.
<i>EST</i>	Eastern Standard Time in the United States of America.
<i>FSG</i>	The Financial Services Guide issued by MahiFX Limited.
<i>FOS</i>	Financial Ombudsman Service.
<i>FX</i>	Foreign exchange.
<i>FX Contracts</i>	An agreement under which you agree today to buy one currency or ounce of gold or silver and simultaneously sell another currency or ounce of gold or silver, at an agreed valuation for settlement in generally, two Business Days.
<i>FX Products</i>	The products offered by MahiFX are over-the-counter, on-deliverable Spot FX Contracts on a margined or leveraged basis. MahiFX permits trading in foreign currency, gold and silver.
<i>Leverage</i>	The term “Leverage” is often used to describe the Margin arrangements. It refers to the deposit required in order for you to

open the Position. Broadly speaking, MahiFX permits Leverage of 100 to 1 for major Currency Pairs, 50 to 1 for minor Currency Pairs and 25 to 1 for metals.

<i>LIBOR/LIBID</i>	London Interbank Offered Rate/London Interbank Bid Rate. The average interest rate estimated by lending banks in London that the average leading bank would be charged if borrowing from other banks.
<i>Limit Order</i>	An Order to buy or sell a Currency Pair or Metal at a specified price or better.
<i>MahiFX</i>	MahiFX Limited.
<i>MahiFX Account</i>	Your Trading Account on the MahiFX Platform that you access with your login details and from which you conduct, monitor, and manage your FX trading activities.
<i>MahiFX Platform</i>	The "MahiFX" web-browser based FX trading applications that is provided by MahiFX.
<i>Mahi Capital</i>	Mahi Capital Limited, a company which is related to MahiFX, which is incorporated in the British Virgin Islands.
<i>Margin</i>	Amounts required to support your open Positions. Margin can be in the form of initial Margin, which is provided when a Trade is first executed or variation Margin that increases or decreases your Margin Reserve every time your Positions are marked-to-market. See Section 11 'Margins' of the PDS (Part 1) for further explanation.
<i>Margin Call</i>	A request and obligation to transfer additional Margin to us to support your Positions.
<i>Margin Closeout</i>	The process whereby open Positions are closed out because you have insufficient Margin available to support those Positions.
<i>Margin Closeout Event</i>	Occurs when: (a) your Net Asset Value is less than or equal to 50% of the required Margin to support your open Positions; or (b) after 5 Business Days of being in breach of your Margin requirements (i.e., your New Asset Value being less than 100% of the total Margin required)
<i>Margin Reserve</i>	The sum of all Margin amounts required to support your open Positions.
<i>Market Order</i>	An Order for immediate execution to buy or sell a Currency Pair or Metal at the current price set by MahiFX.
<i>Mark-to-Market</i>	Mark-to-Market is an accounting method that records the value of an asset according to its current market price.
<i>Metal</i>	Metal means gold or silver, and <i>Metals</i> has a corresponding meaning.
<i>Metal Lease Rates</i>	The rates published by the London Bullion Market Association that contributors would be prepared to lend Metals on a swap against US dollars.
<i>MT4</i>	The software known as "MetaTrader 4" as licensed to MahiFX by MetaQuotes Software Corp.
<i>MT4 Account</i>	Your Trading Account on the MT4 Platform that you access with your login details and from which you conduct, monitor, and manage your FX trading activities.

<i>MT4 Platform</i>	The "MT4" web-browser based FX trading applications that is provided by MahiFX.
<i>Native Currency</i>	The functional currency of your Trading Account for payments and receipts to and from your Trading Account as selected by you when you establish your MahiFX Account and/or MT4 Account. Both the MahiFX Platform and the MT4 Platform refer to your Native Currency as your "base currency". All profits and losses, and Margin adjustments, are converted to and transacted with your Trading Account in this currency.
<i>Net Asset Value (NAV)</i>	In relation to a customer, means the sum of the customer's Cash Balance net of any unrealised profit or loss with respect to open Positions.
<i>Order</i>	An instruction to buy or sell a Currency Pair or Metal at a specified price.
<i>Over-the-Counter (OTC)</i>	Over the counter, meaning that the relevant product is not traded on an exchange.
<i>Overnight Positions</i>	In terms of Swap Credits and Charges and Rollovers, means Positions that are open at 5.00 pm New York time (EST).
<i>PDS</i>	The Product Disclosure Statement, as issued by MahiFX Ltd as contained in Part 1 of this document.
<i>Position</i>	An exposure you have to a particular Currency Pair or Metal as a result of entering into a Trade.
<i>Post or Posting</i>	In order to enter a Trade, you must post Margin with MahiFX. Posting (or "putting up") Margin to the Margin Reserve in your Trading Account occurs automatically by the MahiFX Platform or the MT4 Platform, provided you have sufficient funds in your Cash Balance.
<i>Rolls, Rollover or Rolled Over</i>	Extending the settlement Value Date on an open Position to the next trade date. When a Spot FX Contract position is held at the end of the Business Day prior to its Value Date, it will be Rolled Over to a new Value Date on a Tom/Next basis. As part of the Rollover, Positions are subject to a Swap Credit or Charge based on the interest rates of the Currency Pair or Metal.
<i>Spot FX Contract</i>	Means an agreement under which you agree today to buy and sell a particular Currency Pair or Metal at today's valuation for settlement in two Business Days (the Value Date).
<i>Spread</i>	The difference between the buy and sell rates for a particular Currency Pair or Metal.
<i>Stop Loss Order</i>	An Order to buy or sell a Currency Pair or Metal at a specified price or worse.
<i>Swap Credits and Charges</i>	In respect of a Position that is rolled over at the end of MahiFX's Business Day (5.00 pm New York time (EST)), means credits or charges that represent the net interest due to you or payable by you in respect of interest receivable on the bought (long) side of a Position and interest payable on the sold (short) side of a Position, in each case determined using LIBOR/LIBID interest rates or Metal Lease Rates, due to the settlement date being extended (Rolled Over).
<i>Take Profit Order</i>	An Order to buy or sell a Currency Pair or Metal at a specified price or better.

<i>Terms Currency</i>	Means the second currency of a Currency Pair or Metal. FX rates are quoted as the price of one currency or ounce of metal (the Base Currency) expressed in terms of another currency or ounce of metal (the Terms Currency).
<i>Terms of Use</i>	MahiFX's Terms of Use that apply to your use of the MahiFX services and that you accept when you make an application to become a customer of MahiFX.
<i>Tom/Next</i>	Every Spot FX Contract involves selling (borrowing) one currency or Metal to buy (invest in) another. Interest is paid on the currency or Metal that is borrowed and earned on the one that is bought. The Tom/Next process pays/charges the net interest (Swap Credits and Charges) on your open Position as at 5 pm New York time (EST). For example, a spot transaction to buy and sell a Currency Pair or Metal is normally settled in two Business Days after entering into the Trade. If the Position is not settled, then it Rolls Over and the spot market price is adjusted for settlement the next day through the receipt or charge of Swap Credits or Charges. Also referred to as "tomorrow next" or "T/N". See also "Rolls" and "Rollovers".
<i>Trade</i>	The act of entering into of a FX contract or derivative with MahiFX. When a Trade is executed, it becomes a Position.
<i>Trading Account</i>	Your MahiFX Account and/or MT4 Account, as the context requires, that holds your funds in your selected Native Currency that you have deposited with MahiFX and from which Margin is deducted or returned.
<i>Value Date</i>	The settlement date for a Spot FX Contract, usually two Business Days, except for USDCAD where it is one Business Day. Also known as the "maturity date".