

## PRODUCT DISCLOSURE STATEMENT

**Roco International Pty Ltd 2010**

ACN 139 495 944 | ASFL 391441

## Table of Contents

1. General Information
  - 1.1 Company Details
  - 1.2 Who This PDS is Intended For
  - 1.3 Jurisdiction
  - 1.4 Information & Representations
  - 1.5 References
  - 1.6 Independent Advice
  - 1.7 Roco Forex Does Not Provide Personal Advice
  - 1.8 Documents Issued by Roco Forex
  - 1.9 Australian Securities & Investments Commissions (ASIC)
  - 1.10 Examples
2. Features & Advantages of Trading with Roco Forex
  - 2.1 Issuer
  - 2.2 What is a Contract for Difference (CFD)?
  - 2.3 Over the Counter Trading (OTC)
  - 2.4 Charges
  - 2.5 Opening an Account with Roco Forex
  - 2.6 Balances
  - 2.7 Trading with Roco Forex
  - 2.8 Minimum Contract/Trade Size
  - 2.9 Opening a Long or Short Position
  - 2.10 Closing a Position
  - 2.11 Client Funds
  - 2.12 Equity
  - 2.13 Account Reports
  - 2.14 Prices
  - 2.15 Rollover Charges/Benefits
  - 2.16 Margin Obligations
  - 2.17 Payments and Withdrawals

- 2.18 Costs
- 2.19 Significant Risks of Trading CFDs
- 2.20 Trading Hours / Office Hours
- 3. Trading CFDs with Roco Forex
  - 3.1 Types of CFDs Issued by Roco Forex
  - 3.2 Rollover Charges/Benefits
  - 3.3 Pricing
  - 3.4 Initial Margin and Minimum Margin Requirements
  - 3.5 Margin Call
  - 3.6 Changes in Margin Requirement
  - 3.7 Discretions
  - 3.8 Payment of Rebates
  - 3.9 Minimum Point Increment
  - 3.10 Illegal Trades and Scalper Trades
- 4. Fees and Charges
  - 4.1 Commissions on CFD Trades Executed
  - 4.2 Mark ups on CFD Trades Executed
  - 4.3 Rollover Charges
  - 4.4 Administrative Charges
- 5. Significant Risks Involved in Trading CFD Contracts
  - 5.1 Trading Off-Exchange
  - 5.2 Roco Forex as a Market Maker
  - 5.3 Discretions of Roco Forex
  - 5.4 Volatile Derivative Markets
  - 5.5 Leverage
  - 5.6 Margin Requirements
  - 5.7 Interest Rates Fluctuations
  - 5.8 Loss Caused by the Spread
  - 5.9 Electronic Trading System

- 5.10 Regulatory Changes
- 5.11 Liquidation
- 6. Partnering with Roco Forex
  - 6.1 Opening an Account with Roco Forex
  - 6.2 Minimum/Maximum Initial Account Opening Deposit
  - 6.3 Minimum Total Equity
  - 6.4 Profit/Loss Calculations
    - 6.4.1 Foreign Exchange CFD Example
    - 6.4.2 Gold CFD Example
  - 6.5 Managing Accounts via the Trading Platform
  - 6.6 Account Statements
  - 6.7 Account Denominations
  - 6.8 Handling Client Funds
  - 6.9 Client Withdrawals
- 7. Roco Forex Order Types
  - 7.1 Market Order
  - 7.2 Pending Order
    - 7.2.1 Buy Limit
    - 7.2.2 Buy Stop
    - 7.2.3 Sell Limit
    - 7.2.4 Sell Stop
  - 7.3 Stop Loss Order
  - 7.4 Take Profit
  - 7.5 Trailing Stop Loss
- 8. Dispute Resolution
  - 8.1 Internal Process
  - 8.2 External Process
  - 8.3 Arbitration and Further Legal Proceedings

## 9. Terms & Conditions

9.1 User Agreement

9.2 Eligibility

9.3 Client Funds

9.4 Taxation

9.5 Risk Warning

9.6 Margin Requirement / Force Majeure

9.7 Company Rights

9.8 Conflicts of Interest

9.9 Indemnity

9.10 Website Access & Use

9.11 Legal Restrictions

9.12 Anti-Money Laundering Policy

9.13 Privacy Policy

## 10. Glossary

## 1. General Information

The issue date of this Product Disclosure Statement (“PDS”) is 01 March 2011. The issuer of this PDS and Contract for Difference (“CFD” or “CFDs”) stated in this PDS is Roco International Pty Ltd (Trading Name “Roco Forex”). The PDS sets out the significant features of financial products including their risks, benefits, costs and fees and other related information. The purpose of this PDS is to provide clients with sufficient information to make an informed decision in relation to the acquisition of Roco Forex financial products. This PDS consists of financial derivatives, CFDs, and Foreign Exchange contracts offered by Roco Forex. This PDS is available on Roco Forex website at [www.rocoforex.com.au](http://www.rocoforex.com.au). To obtain a free copy of the PDS, please contact Roco Forex at [info@rocoforex.com.au](mailto:info@rocoforex.com.au).

### 1.1 Company Details

PDS Issuer: Roco International Pty Ltd (ACN 139 495 944; AFSL 391441)

Address: Suite 205, Level 2 379-383 Pitt Street, Sydney NSW 2000

Telephone: +61 2 9232 8442

Fax:

Email: [info@rocoforex.com.au](mailto:info@rocoforex.com.au)

Website: [www.rocoforex.com.au](http://www.rocoforex.com.au)

### 1.2 Who This PDS is Intended for

This PDS seeks to explain Roco Forex products in a clear, concise and effective manner. As a relatively new investment instrument, traders could refer to the glossary section located at the end of this PDS or at [www.rocoforex.com.au](http://www.rocoforex.com.au) to assist traders with the terms and concepts involved in derivatives trading. The terms “Roco Forex”, “we”, “us”, “our” used in this

PDS is in reference to Roco International Pty Ltd (ACN 139 495 944; AFS License 391441) who is the issuer of the derivatives products. Moreover, the terms “you”, “client” used in this PDS is referred to you or other user of Roco Forex products and services.

Before trading in the products explained in this PDS, client should give consideration to your own objectives, financial situation and needs. We recommend that you take all reasonable steps in order to understand the possible outcomes of trades and strategies, and consult independent legal and financial advices before trading with Roco Forex. In the meantime, you should also be aware of the risks involved in trading, and make judgements on whether the trading products offered by Roco Forex is suitable for your own financial situation.

CFDs are highly leveraged investment instruments and considered high risk. Retail and wholesale investors should only trade in these products if they fully understand the nature and risks and can afford losses without adversely affecting their life style. The risk factors associated with trading CFDs are explained further in section 5.

## 1.3 Jurisdiction

This PDS is distributed by Roco Forex to Australian clients and foreign clients. The distribution of this PDS may be restricted in certain jurisdictions outside Australia. Should you gain access to this PDS in a restricted jurisdiction, you should observe such restrictions. This PDS does not constitute an offer or solicitation to any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

If you are a foreign client intending to deal or dealing with Roco Forex, you

should note:

- ◆ The law governing your dealings with Roco Forex is the law of New South Wales, Australia;
- ◆ Money which you deposit with Roco Forex will be regulated by the Australian Client Money Rules; and
- ◆ Your rights against Roco Forex are restricted by our Client Dispute Resolution Policies.

## 1.4 Information & Representations

Products offered by Roco Forex are offered solely on the basis of the information and representations contained in this PDS. No other information or representation is authorized nor is any person authorized by Roco Forex to provide any information to clients or to make any representation other than information and/or representation stated in this PDS and the Financial Service Guide (“FSG”).

## 1.5 References

Any Reference made to an underlying entity or underlying market to which Roco Forex products relate are included solely for the purpose of identification. Such references are not to be construed as an endorsement of the CFDs or the underlying entity or underlying market. All underlying entities and markets do not accept responsibility for any statement in this PDS nor undertake any liability in respect of the CFDs provided by Roco Forex.

Roco Forex does not accept any liability or responsibility for the accuracy or completeness of published public information about any underlying entity, underlying reference instrument, or underlying market.

## 1.6 Independent Advice

Clients should obtain qualified independent financial, legal, taxation and any other professional advice concerning this PDS and the FSG.

## 1.7 Roco Forex Does Not Provide Personal Advice

Roco Forex does not provide personal financial advice. We only provide general advice. General advice does not take into account your particular financial circumstances, objectives or needs. This PDS or FSG does not constitute as the recommendation or opinion that Roco Forex products are suitable for your situation.

## 1.8 Documents Issued by Roco Forex

Documents distributed by Roco Forex include the PDS and the FSG. These documents contains general information only and do not take in account your investment objectives, financial circumstances or needs. Roco Forex recommends you obtain independent advice regarding financial, legal, taxation and any other professional advice concerning trades with Roco Forex.

Information contained in this PDS is subject to change from time to time and Roco Forex may update or modify any of the terms and conditions in the PDS. Any updated information which is materially adverse to investors will be available on the Roco Forex website at [www.rocoforex.com.au](http://www.rocoforex.com.au). A paper copy of the updated information will be available on request.

If the information changes are significant that are adverse or potentially adverse to an investor, Roco Forex will give notification issuing a new PDS.

## 1.9 Australian Securities & Investments Commissions (ASIC)

ASIC takes no responsibility for the contents of this PDS.

## 1.10 Examples

The examples set out in this PDS are provided for illustrative purposes only. All examples are based on margin requirements and fees disclosed in this PDS.

The examples use figures which attempt to demonstrate how Roco Forex CFDs work. The figures do not reflect possible performance outcomes of a particular CFD product. The examples do not constitute general or personal financial product advice to any person reading this PDS.

## 2. Features & Advantages of Trading with Roco Forex

### 2.1 Issuer

The CFD contracts contained in this PDS are issued by Roco International Pty Ltd.

The CFD contracts on offer are based on the following underlying reference instruments:

- Foreign Exchange CFDs

- Gold CFDs

- Prospective new types of CFDs offered by Roco Forex

### 2.2 What is a Contract for Difference (CFD)?

Contracts for Difference (CFDs) are an agreement between two parties which allow clients to make a profit or loss by reference to fluctuations in the price of an underlying instrument without actually owning the underlying instrument or trade it on exchange by owning it. The price of a CFD is priced at the underlying reference instrument, such as foreign exchange or gold.

When entering into a CFD with Roco Forex, the client is either entitled to be paid or to pay an amount of money based on the fluctuation of the CFD price. The amount of profit or loss on trading the CFD is calculated as the net value of:

- The price difference between position opening and position closing of the CFD;

- Any adjustment made in respect of the CFD;

Any mark-ups and/or commissions payable in respect of the CFD; and  
Any rollover charges/benefits relating to the CFD.

## 2.3 Over the Counter Trading (OTC)

Roco Forex products are over-the-counter (OTC) products, unlike contracts traded on an exchange or market; transactions are conducted solely between client and Roco Forex the CFD issuer.

## 2.4 Charges

The common fees and charges when dealing in CFDs with Roco Forex may incorporate any or all of the following:

- Commission on CFDs executed paid to introducing brokers;
- Margin adjustments;
- Rollover charges at Roco Forex's Rollover Rates;
- Exchange fees; and
- Administrative charges

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

## 2.5 Opening an Account with Roco Forex

Before begin trading in CFDs with Roco Forex, client must complete an Account Application Form and be approved by Roco Forex. Clients might open three (3) types of accounts with Roco Forex – individual Standard Account, Individual ProTrade Account, or Corporate Account. Please review information and documents needed for opening different types of accounts. Before

completing an application, clients must read and understand this PDS and the Financial Services Guide (“FSG”).

Clients need to acknowledge on their Application Form that they have read and understood this PDS and the FSG in full. Clients are also required to sign a PDS and FSG Acknowledgement Form (available in English or Chinese version) to verify that they have read and understood the PDS and FSG.

## 2.6 Balances

### Online Trading Account Base Currency

Roco Forex offers account denominations in Australian Dollar and US Dollar. All profits and losses can be denominated either in Australian Dollars or US Dollars. Balances will be converted using Roco Forex’s AUD/USD currency price at the relevant time in calculating your total equity.

### Minimum/Maximum Online Trading Account Opening Balance

Roco Forex sets up minimum opening deposit and maximum opening deposit depending on different account types. For Individual Standard Account, the minimum and maximum opening deposits are \$1,000 AUD or USD and \$10,000 AUD or USD. For Individual ProTrade Account, the minimum and maximum opening deposits are \$10,000 AUD or USD and \$100,000 AUD or USD. Other amounts may be specified by Roco Forex.

## 2.7 Trading with Roco Forex

Clients may open CFD position by:

Using Roco Forex’s online trading platform on a personal computer with an

internet connection.

Roco Forex will not accept client instructions through any other means, such as email or online messenger programs, unless previously approved otherwise.

## 2.8 Minimum Contract/Trade Size

Instruments offered, contract/trade sizes, and spreads are subject to change without notice at any time. Spreads will vary according to the market fluctuation and market demands, the times of trades and volume of trades will also affect on the spread quoted. More details can be found in Roco Forex online trading platform.

Instrument	Contract/Trade Size	Spread between Bid/Ask Price
FX		
Standard Contract	100,000 Units of Base Currency (i.e. EUR/USD is 100,000 EUR)	Varies
Mini Contract	10,000 Units of Base Currency	Varies
Metals		
Gold	100 Ounces	Varies

## 2.9 Opening a Long or Short Position

A position is opened by either buying (going Long) or selling (going Short) a CFD contract on the online trading platform.

Long – if a trader expects the price of the underlying reference instrument to rise in value, you buy (going Long).

Short – if a trader expects the price of the underlying reference instrument to fall in value, you sell (going Short).

Roco Forex has the right to limit the size of your open positions whether on the net or gross basis under any appropriate circumstances as determined by Roco Forex. Roco Forex also has the right to refuse any request made by you to place an order to establish a position at any time at Roco Forex's discretion without prior notice.

## 2.10 Closing a Position

To close a CFD position, right click on the open position and selecting "Close Order" within the Roco Forex online trading platform.

## 2.11 Client Funds

Any money that you deposit with Roco Forex will be segregated from Roco Forex's funds and held in a separate Client Trust account or accounts and may be invested in accordance with the Australian Client Money Rules. However, individual client's money is co-mingled into one or more segregated trust accounts. Trust accounts may not insulate your money from a default in the trust accounts.

Should there be a deficit in the trust accounts and in the unlikely event Roco Forex becomes insolvent, you will be an unsecured creditor in relation to the balance of the money owed to you. However, some protections are afforded to

clients by the Australian Client Money Rules.

## 2.12 Equity

Total equity of a client's account is the aggregate of the current cash balance and the current unrealized profits and/or losses on open positions.

Free margin of a client's account is the total equity less their current total margin requirement and can be used to cover additional margin requirements.

## 2.13 Account Reports

When trading on Roco Forex online trading platform, clients can generate reports with their specified time period (day, month, year, etc.) through the platform.

The client reports include:

- Balance
- Equity
- Open Trades
- Closed Transactions
- Deposits
- Withdrawals
- Rollovers
- Lots Traded

It is important that you check all the contents in the reports, and notify Roco Forex within 3 business days if you feel there are any errors or discrepancies on your reports. After 3 business days, any corrections and/or adjustments to

errors or discrepancies will be made solely at the discretion of Roco Forex.

## 2.14 Prices

The prices of CFD products offered by Roco Forex are determined by considering the prices of the underlying reference instrument that Roco Forex products relate to. There may be a difference between the price quoted by Roco Forex and the price of the underlying reference instrument offered on an exchange or market.

Roco Forex online trading platform or its website will not provide the exchange / market prices or information of the underlying instruments. The real time prices in the underlying reference instrument may be obtained from a third-party service.

Roco Forex has the discretion to quote different prices and charge different rebates, finance charges, rollover charges, and other charges at different rates to different clients.

## 2.15 Rollover Charges/Benefits

Rollover is the interest paid or earned when your open positions are held at the end of business day and will be rolled over and remain open until the end of next business day (unless the position is closed). If a CFD position is closed before the end of the business day, no rollover charge/benefit will be paid or earned.

Open positions held over the end of business day by Roco Forex may have a charge/ benefit applied to the client's account. The charges/benefits are associated with the interest rates between the two applicable currencies.

## 2.16 Margin Obligations

When you open a CFD position with Roco Forex, you must deposit funds for margining purposes and you are responsible to meet all margin requirements required by Roco Forex. You need to have sufficient free margin in your account to satisfy the margin requirements for the relevant number of CFDs. There are two parts in which you need to reserve sufficient margin – initial margin and minimum margin. Initial margin is the initial funds required by Roco Forex to open an account and fulfill the risk obligations as a client when opening positions. The minimum margin refers to the minimum amount of equity that must be maintained in an account. When the total equity value of an account falls, and is below the minimum margin requirement, which is 30% of the initial margin for all open positions, Roco Forex online trading platform will automatically close open positions in order to restore your total equity to the required minimum margin.

Specific margin obligations are the following:

When entering into a Foreign Exchange CFD, the initial margin immediately payable upon opening a position is 100,000 Units of base currency per lot. (For more detailed information regarding margin obligation, please refer to section 6.5 of this PDS.)

In the case of Gold CFDs, the initial margin immediately payable upon opening a position is \$1000 AUD or USD per lot.

The leverage types offered by Roco Forex are 100:1 and 200:1.

Account Equity must be maintained at all times, otherwise the Roco Forex online trading platform will close open positions automatically without prior

notice.

## 2.17 Payments and Withdrawals

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

Clients may withdraw free equity from their Roco Trading Accounts by submitting a completed and signed Withdrawal Request Form. A copy of the Withdrawal Request Form is available for download from the Download Section on Roco Forex website at [www.rocoforex.com.au](http://www.rocoforex.com.au). Withdrawal Request Forms can be submitted to Roco Forex via fax, email scan, or mail. Roco Forex will not pay funds to any third party. Withdrawals will only be sent to a bank account via telegraphic transfer or bank checks. Withdrawals will not be credited back to credit cards.

## 2.18 Costs

Roco Forex is a CFD provider for the CFDs you are trading, and we are remunerated for our services through the bid/ask spread that is incorporated in our prices. As stated in section 2.6 of this PDS, when you enter into a contract with Roco Forex you will be required to pay initial margin and maintain an amount of minimum margin in the event of adverse market movements against your position. Such payments are not considered as costs but cleared funds deposited by the client and required by Roco Forex to cover our risk and as security for the client's obligations. The margin amounts paid into the Roco Forex client trust account are held, used and withdrawn in accordance with the Corporations Act 2001 requirements and our agreed Terms and Conditions. All

interest that may accrue on the client trust account is kept by Roco Forex. Clients may incur fees for telegraphic transfers and credit card transactions. You may consult your Roco Forex representative regarding these fees. These transaction fees are subject to change at any time. In addition, clients may also incur a \$30 USD or AUD “Dormant account fee” for no trading activity in 3 consecutive months.

## 2.19 Significant Risks of Trading CFDs

Clients should carefully consider whether dealing in CFDs is appropriate for you in light of your financial circumstances such as your objectives, financial situation and needs. Before entering CFD trading with Roco Forex, you should be aware that CFDs are speculative products with high leverage and involve much greater risks than other non-g geared investments. This could result in clients losing a great amount of money. You may sustain losses in excess of the money you initially deposited and also in excess of the margin required to establish and maintain a CFD position with Roco Forex. A negative balance may occur when a Price Gap occurs before a Cut Loss is executed, thus resulting in a negative account balance.

Roco Forex will not give you any personal financial product advice or trading recommendations, neither will any authorized representatives of Roco Forex. This is clearly stated in the client’s account opening documents signed and understood by the client. Make sure you have fully read and understand this PDS and the FSG before considering opening an account with Roco Forex.

As Roco Forex will only be providing general advice, this advice will not take into account of your objectives, financial situation or needs. You should obtain your own financial, legal taxation and other professional advice as to whether CFDs are an appropriate investment for you.

## 2.20 Trading Hours / Office Hours

The trading hours for CFD products offered by Roco Forex are:

22:15 GMT Sunday - 21:45 GMT Friday

(Excluding Christmas Day and New Year Day)

Our office hours are 9:30 – 17:30 Monday to Friday excluding public holidays.

## 3. Trading CFDs with Roco Forex

### 3.1 Types of CFDs Issued by Roco Forex

Roco Forex may offer clients the following products:

Foreign Exchange CFDs

Gold CFDs

Prospective new types of CFDs offered by Roco Forex and approved by ASIC

CFDs allow Clients to benefit from normal market movements in the underlying reference instrument of the underlying market. When a position is closed, the realized profits or losses are credited or debited to client accounts. Unrealized profit or losses are shown in real time on Roco Forex online trading platform.

### 3.2 Rollover Charges/Benefits

When your transaction is rolled, you may incur/receive what is known as Rollover Charge/Benefit. This means that open positions held at the end of the Business Day will be rolled over and remain open until the end of the next Business Day (unless the position is closed). Your CFDs can be rolled indefinitely until you decide to close out the transaction, provided that you

continue to meet your margin requirement and maintain the required account balance.

The Rollover Charge/Benefit will depend on the interest rate differential between the two currencies in the currency pair of your transaction. Whether you incur a cost or receive a benefit will depend on whether you hold a long (buy) or short (sell) position and also which currency has the higher interest rate.

For example, if you are long AUD/USD (i.e. you buy AUD against USD) and interest rates are higher in Australia than in the United States, you will receive a Rollover Benefit when the position is rolled overnight because you are holding a higher interest rate currency. However, if the interest rate in United States is higher than in Australia, you will incur a Rollover Charge because you are holding the lower interest rate currency.

We have provided some examples on our website to help illustrate how the Rollover Charge/Benefit is calculated and how it can impact on the financial results of your transactions. These examples are subject to change and are illustrations only.

### 3.3 Pricing

The prices of CFD products offered by Roco Forex are determined by considering the prices of the underlying reference instrument that Roco Forex products relate to. There may be a difference between the price quoted by Roco Forex and the price of the underlying reference instrument offered on an exchange or market.

Roco Forex does not provide you with access to prices in the underlying

market or market information in relation to the underlying market on our online trading platform. Accordingly, it is for you to access such information from other sources, and decide whether you wish to deal in the CFD with Roco Forex or directly in the underlying reference instrument of the underlying market.

The prices of Foreign Exchange CFDs and Gold CFD offered by Roco Forex are based on the Interbank Rate prices of the constituent underlying reference instrument, and are calculated by applying the Roco Forex Spread to the Interbank Rate.

### 3.4 Initial Margin and Minimum Margin Requirements

When you open a CFD position with Roco Forex, you must deposit funds for margining purposes and you are responsible to meet all margin requirements required by Roco Forex. You need to have sufficient free margin in your account to satisfy the margin requirements for the relevant number of CFDs. There are two parts in which you need to reserve sufficient margin – initial margin and minimum margin. Initial margin is the initial funds required by Roco Forex to open an account and fulfill the risk obligations as a client when opening positions. The minimum margin refers to the minimum amount of equity that must be maintained in an account. When the total equity value of an account falls, and is below the minimum margin requirement, which is 30% of the initial margin for all open positions, Roco Forex online trading platform will automatically close open positions in order to restore your total equity to the required minimum margin.

Specific margin obligations are the following:

When entering into a Foreign Exchange CFD, the initial margin immediately

payable upon opening a position is 100,000 Units of base currency per lot. (For more detailed information regarding margin obligation, please refer to section 6.5 of this PDS.)

In the case of Gold CFDs, the initial margin immediately payable upon opening a position is \$1000 AUD or USD per lot.

The leverage types offered by Roco Forex are 100:1 and 200:1.

Account Equity must be maintained at all times, otherwise the Roco Forex online trading platform will close open positions automatically without prior notice.

### 3.5 Margin Call

If your account total equity value falls below the minimum margin requirement, which is 30% of the initial margin for all open positions, your account will be placed on Margin Call and all positions will be triggered for liquidation or closing out by Roco Forex at the next available price. The positions with the largest losses will be closed first in order to free up additional margin. The Margin Call process is entirely electronic and Roco Forex does not actively monitor positions.

Roco Forex does not call or notify you prior to your account being placed on Margin Call. It is your responsibility to actively monitor and manage your open positions and your obligations, including ensuring that you meet your minimum margin requirement and is above 30% of the initial margin.

You may increase the amount of free margin available in your account by:

- Closing out or reducing one or more of your open positions; and/or
- Deposit of additional funds into your Account.

If you choose to deposit additional funds into your Account, these additional funds must be cleared funds before they will be available for your use.

These steps may not be necessary if there is an increase in the value of your open positions due to a further market fluctuation.

### 3.6 Changes in Margin Requirement

Roco Forex reserves the right to modify at its discretion the margin requirement of any CFD position at any time. This will retroactively modify your existing total margin requirement if you enter into a new position after the adjustment. Changes in Margin Requirements will be announced in the **Notices** section of Roco Forex's website and via e-mail in advance of the change. A supplementary PDS will also be published.

### 3.7 Discretions

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

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

Roco Forex exercises its discretion in a wide range of circumstances (extreme market volatility, natural disasters, hardware/platform failure, etc) including where Roco Forex changes its fees/rates, calculates a Currency Index and

accepting to deal in CFDs with you. Where we increase fees/rates, we will issue a new or supplementary PDS. New information for other non-material changes will be placed on our website at [www.rocoforex.com.au](http://www.rocoforex.com.au). Roco Forex at its discretion may quote different prices, and charge Rebates, Rollover Charges, and other charges at different rates, to different clients. Clients will be quoted competitive market rates at all times taking into account the number of trades the client executes, the volume of the trades, and the frequency of the trades. Rates will at all times be competitive but discretion may allow for fees and charges to be reduced or waived. The adjustments of prices, rebates, charges, etc. are authorized by directors to management, and management discretion is reviewed on a regular basis.

### 3.8 Payment of Rebates

Roco Forex may collect a certain amount of commission from clients and pay rebate benefit to introducing brokers for the referral of clients to Roco Forex. Rebate agreements are made between introducing brokers and clients with no liability on Roco Forex's part. Roco Forex simply collects the agreed mark ups or commission from the client and pays it to the introducing broker. Please refer to sections 4.1 and 4.2 for detailed information regarding commission and mark ups.

### 3.9 Minimum Point Increment

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

## 3.10 Illegal Trades and Scalper Trades

Roco Forex may exercise its discretion to refuse to honour a trade or to

Close a Position:

- (1) where it reasonably considers that the trade may be an Illegal Trade; or
- (2) where it reasonably considers that the trade may be a Scalper Trade.

If Roco Forex refuses to honour a trade, you will not make any profit (or loss) on that trade.

If Roco Forex honours the trade, but Closes an Open Position in accordance with this section 错误! 未找到引用源。, there is a risk that your profitability on the Position may be less than you were expecting.

In certain circumstances, Roco Forex may be required to notify the relevant authorities of the relevant trade.

Roco Forex will notify you in advance if it has refused to honour a trade or Closed a Position in the manner specified in this section 3.10.

## 4. Fees and Charges

The common fees and charges when dealing in CFDs with Roco Forex may incorporate any or all of the following:

- Commission on CFD trades executed;
- Mark ups on CFD trades executed;
- Margin adjustments;
- Rollover charges at Roco Forex's Rollover Rates;
- Exchange fees;
- Administrative charges

In addition, Roco Forex will apply a bid/ask spread in respect of its CFDs, which will also affect the profits / losses you make when dealing CFDs. Fees and charges may change from time to time and in some cases will differ according to whether you are an Australian Client or a Foreign Client.

### 4.1 Commissions on CFD Trades Executed

Roco Forex's commission structure of CFD trades executed

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

Clients referred by an Introducing Broker will be required to fill out a

Commission Agreement which will describe all additional commissions paid to either Roco Forex or the Introducing Broker. Roco Forex will not charge any commissions without full disclosure and client's acknowledgement.

How is commission charged?

The commission will be debited from your account automatically after a CFD trade is executed. All commissions are charged in the currency in which the client account is denominated. Commission charges can be viewed through our online trading platform. Commissions owed to Introducing Brokers are paid on a monthly basis.

Will the commission change?

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

How much is charged on commissions?

Commission charges can differ from client to client based on the agreement reached between the client and the Introducing Broker or the client and Roco Forex. The maximum commission that will be charged is \$100 USD or AUD per round-turn transaction. We charge the same amount of commission for both Australian and foreign clients.

Please note that Roco Forex may offer a client a different commission rate to those outlined above at its discretion (for example, when a client trades a certain volume of CFDs). (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

## 4.2 Mark ups on CFD Trades Executed

### Roco Forex's mark up structure of CFD trades executed

When an Introducing Broker refers a client to Roco Forex, the Introducing Broker may sign a Mark-Up Agreement with the client. When a new position is opened the mark ups will be added in to the spread by Roco Forex. The amount of the Mark Up is determined by the agreement signed between the client and the Introducing Broker. The Mark Ups are collected on all round-turn transactions. All Mark ups collected by Roco Forex are paid to Introducing Brokers a monthly basis. Roco Forex has no influence on the drawing up of the terms of a Mark-Up Agreement.

### How are mark-ups charged?

Mark Ups typically add 1-3 pips to the bid/ask spread of a particular instrument. When a client executed a trade on a spread with 3 pips mark up, that 3 pips is charged immediately to the client and is paid to the Introducing Broker on a monthly basis. Roco Forex does not charge an administrative fee or take a percentage of the Mark Up fee in any way. Mark Ups charged are the same for Australian and foreign clients.

### What is the minimum/maximum mark-ups charged?

The minimum pip Mark Up is 1 pip and the Maximum pip Mark Up is 3 pips.

### Will the mark ups change?

Mark-Up Agreements can change at any time. Clients have the right to cancel any Mark-Up Agreement directly with Roco Forex without the consent of the Introducing Broker. The client would submit a letter to Roco Forex requesting their Mark-Up Agreement with the Introducing Broker be cancelled. The cancellation of the Mark Up would be effective immediately upon receipt and confirmation of the letter.

Example of a mark-up price

EUR/USD

Normal bid/ask price

1.3475/1.3478

Mark Up pips	Bid/Ask Price after Mark Up	How Mark Up added to Spread
1 pip	1.3475/1.3479	Bid Price remains the same, 1 pip is added to Ask Price
2 pips	1.3474/1.3479	1 pip added to both Bid/Ask Price
3 pips	1.3474/1.3480	1 pip is added to Bid Price and 2 pips added to Ask Price

## 4.3 Rollover Charges

You may pay a rollover charge, which is calculated according to the applicable rate in the Interbank markets (Libor Rate) according to the duration of the

period of rollover and the Spread (Rollover Rate). These Rollover Rates are calculated on an ongoing basis by Roco Forex. Rollover Rates are also posted on our online trading platforms.

## 4.4 Administrative Charges

All charges are inclusive of GST (where applicable).

Function	Australian Client Fees	Foreign Client Fees
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### Withdrawals

Telegraphic Transfer (Outgoing)	USD 30	USD 30
Company Check	Free	Free

### Deposits

USD Telegraphic Transfer (Incoming)	USD 10	USD 10
AUD Telegraphic Transfer	USD 10	USD 10
Check Deposit	Free	Free

### Miscellaneous

Paper Statements by Post	AUD 30	USD 30
Return Check Fee	Varies	N/A
Dormant Account Fee	AUD 30	USD 30

**Administrative charges are subject to change at Roco Forex's Discretion.**

## 5. Significant Risks Involved in Trading CFD Contracts

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

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

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

### 5.1 Trading Off-Exchange

CFD contracts traded with Roco Forex are done so off-exchange, meaning

they are not traded on a licensed market, and are not protected by all the rules and laws that governs a traditional regulated exchange.

## 5.2 Roco Forex as a Market Maker

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

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

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

Financial statements regarding Roco International Pty Ltd's business track

record are available by contacting our offices at +61 2 9232 8442. Clients or potential clients should use this information in deciding whether opening an account with Roco Forex is right for them.

## 5.3 Discretions of Roco Forex

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

In order to preserve its financial integrity, Roco Forex reserves the right to exercise several discretions in the event of certain circumstances. For more information regarding these discretions and circumstances, please refer to section 3.7 of this PDS, where more detailed information is available.

## 5.4 Volatile Derivative Markets

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

If trading in Underlying Markets is affected by a Force Majeure Event, Roco Forex may use its discretion to suspend the opening and closing of position, limit the size of positions, or refuse orders to establish new positions. These

measures would be implemented to limit the risk of low liquidity or over exposure, and may result in a loss to the client. (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

## 5.5 Leverage

The amount of initial margin funding required is small relative to the value of the associated Over the Counter CFD contract, thus transactions may result in a proportionally larger impact on Client funds. Clients may sustain a total loss of initial margin deposited and any additional funds on deposit. Clients should only invest "risk capital", and not funds they cannot afford to lose. Client should be educated on all risks associated with trading CFDs, and seek counsel from an independent financial advisor if necessary.

## 5.6 Margin Requirements

Roco Forex may alter margin requirements in relation to any of its CFD products at any time at its discretion. This will retroactively alter your existing Total Margin Requirement if you enter into a new position after the adjustment. (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

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

## 5.7 Interest Rates Fluctuations

The interest rate that clients receive or pay in relation to their balance can be affected by fluctuations in the interest rate specified by Roco Forex for the

currency in which their account is denominated.

## 5.8 Loss Caused by the Spread

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

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

## 5.9 Electronic Trading System

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

## 5.10 Regulatory Changes

Change in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on Client dealings with Roco

Forex, such as the ability to open an account with Roco Forex, trade activity/volume, the acceptance of certain client deposits, etc.

## 5.11 Liquidation

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

For instance, our trading system will automatically place a liquidation order for a client's open position(s) when their total equity balance falls below 30% of the initial margin required for all open positions. The client confirms when they sign the Client Agreement that they acknowledge and understand that Roco Forex has the right to close out client positions in this instance.

## 6. Partnering with Roco Forex

### 6.1 Opening an Account with Roco Forex

Prospective clients can choose from three different account options:

Individual Standard Account

Individual ProTrade Account

Corporate Account

Before choosing an account, prospective client must read this PDS in its entirety, as well as Roco Forex's FSG. These documents can be provided in paper form or are available at our website [www.rocoforex.com.au](http://www.rocoforex.com.au).

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

### 6.2 Minimum/Maximum Initial Account Opening Deposit

Roco Forex sets up minimum opening deposit and maximum opening deposit depending on different account types. For Individual Standard Account, the minimum and maximum opening deposits are \$1,000 AUD or USD and \$10,000 AUD or USD. For Individual ProTrade Account, the minimum and maximum opening deposits are \$10,000 AUD or USD and \$100,000 AUD or USD. Other amounts may be specified by Roco Forex.

### 6.3 Minimum Total Equity

The Minimum Margin required maintaining a position is 30% of the total initial margin invested for all open positions.

## 6.4 Profit/Loss Calculations

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

### 6.4.1 Foreign Exchange CFD Example

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

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

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

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

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

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

## Contract Size / Liquidation Price

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

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

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

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

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

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

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

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

As an example to illustrate this, let's use the following scenario. USD is the  
quote currency and we will also say that the CFD Provider offers 100:1  
leverage (Roco Forex also offers leverage 200:1). This means that you can  
trade 500 or 1,000 units of base currency for 100,000 units of base currency.

If you are looking at EUR/USD, trading at 1.4832/35, which correlates to a bid price of 1.4832 and an ask price of 1.4835, you predict that the Euro will rise in value against the US dollar. Therefore, you execute a trade to buy Euros and simultaneously sell US Dollars. You buy 100,000 Euros at 1.4835 USD. Remember that you have to take the asking price, which is the second number in the quote. If your assumptions are correct and the price rises to 1.4866/69, you close your position by initiating a trade to sell Euros and buy US Dollars. For this trade, use the bid price, which is 1.4866.

**Example:** Since you bought at 1.4835 and sold at 1.4866, your profit was 31 pips, or 0.0031. To convert that into real money, we use the first formula above:

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

Which means:  $\text{P/L} = (\$1.4866 - \$1.4835) \times 100,000 = \$0.0031 \times 100,000 = \mathbf{\$310.00}$ .

In other words, you made \$310.00 on that trade. If you trade \$100,000 in a currency pair with the US Dollar the quote currency, a pip will be worth \$10.00. 31 pips equal \$310.00.

**Example:** When the US Dollar is the base currency, let's say you buy 100,000 units of USD/CHF (Confederation Helvetica Franc) at 1.0628. The price goes down and you sell at 1.0616. Therefore, you just lost 12 pips. To calculate what your loss was, use the second formula:

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

Which means:  $\text{P/L} = (\$1.0616 - \$1.0628) \times 100,000 / \$1.0616 = -\$120 / 1.0616 = \mathbf{-\$133.03}$ .

In this example you incur a loss of \$133.03 on that trade.

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

**Example:** You buy 100,000 units of EUR/GBP at 0.8975, and you sell 100,000 units at 0.8981, and the price of GBP/USD is 1.5718.

$$\text{P/L} = (\$0.8981 - \$0.8975) \times 100,000 = \$60$$

Because you have the price for GBP/USD = 1.5718, to get your profit in USD, you divide it by the quote currency's conversion rate:

$$\text{Total P/L in USD} = \$60 / 1.5718 = \$38.17$$

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

### **Risk Warning:**

Leverage is a double-edged sword. Utilizing leverage results in greater exposure to adverse market movements. Leverage can magnify your losses as well as your profits. If the price had moved in the opposite direction by \$.0006 you would realize a gross loss of \$94.30. Please also note that the CFD prices quoted by Roco Forex are typically not the same as the actual market price of the Underlying Reference Instrument.

### 6.4.2 Gold CFD Example

The following example illustrates how the profit and loss of Gold CFD instruments are calculated. USD is the quote currency, The initial margin needed for 1 CFD (100 Oz.) of Gold is \$1000 USD.

Trade Gold CFD at the Bid/Ask Price of 923.35/923.85, 923.35 as the Bid Price and 923.85 as the Ask Price, you predict that Gold will rise in value. If your assumptions are correct and the price rises to 924.85/925.35, you close your position. The profit/loss is calculated at the Bid Price of 924.85. Therefore, your profit for trading Gold CFD is \$100 USD.

## 6.5 Managing Accounts via the Trading Platform

When Using Roco Forex's Online Trading Platform clients may view open positions, orders, pending orders and account balance in real time. Clients may use the online trading platform to:

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

## 6.6 Account Statements

### *Delivery of Confirmations and Statements Electronically*

At any time you execute a CFD transaction with Roco Forex, a confirmation of the executed trade will appear in the online trading platform. Daily and monthly statements will also be made available to you through the online trading platform following their respective trading periods. You may print these daily and monthly statements for your records. Roco Forex does not

normally mail paper statements by post to clients; duplicate copies of statements can be sent to client by post for a fee.

## *Daily Statements*

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

Daily Statements include:

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

## *Monthly Statements*

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

Monthly Statements include:

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

### *Additional Information Regarding Statements*

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

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

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

discretion, please refer to section 3.7 of this PDS.)

## 6.7 Account Denominations

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

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

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

## 6.8 Handling Client Funds

Client funds will be held in a client trust account or accounts in accordance with the Australian Client Money Rules. The funds in the client trust account or accounts will be held, used and withdrawn in accordance with the Australian Client Money Rules requirements and our Client Agreement. All interest that may accrue on the client trust account or accounts is kept by Roco Forex.

For money deposited in our clients trust account or accounts, you should be aware that:

- ◆ Individual clients accounts are not separated from each other;
- ◆ All clients funds are co-mingled into the one account or accounts; and
- ◆ Trust accounts may not insulate your money from a default in the trust accounts.

### *Protections afforded by the Australian Client Money Rules*

The Australian Client Money Rules provide that in the event that Roco Forex loses its AFS License, becomes insolvent, merges with another IAFS Licensee or ceases to carry on some or all of the activities authorized by the AFS License, client money held by Roco Forex, and investment of client money, will be dealt with as follows:

Money in the trust accounts is held in trust for the persons entitled to it, and is payable in the order set out below:

- 1) if money in the trust accounts is invested, the investment is likewise held in trust for each person entitled to money in the trust account; and
- 2) money in the trust accounts is to be paid in the following order:
  - money that has been paid into the accounts in error;

- payment to each person who is entitled to be paid money from the accounts;
- 3) if the money in the accounts is not sufficient to be paid in accordance with the above, the money in the accounts must be paid in proportion to the amount of each person's entitlement; and
- 4) if there is money remaining in the accounts after payments made in accordance with the above paragraphs, the remaining money is payable to Roco Forex.

## 6.9 Client withdrawals

You may withdraw money from your account by sending us a signed withdrawal request specifying your personal details, account number, the amount you wish to withdraw and the method of payment.

Further, Roco Forex may at its discretion withhold any payments if:

- ◆ Open positions on your account show unrealized losses and the withdrawal would result in the account having insufficient fund to meet Margin Requirements;
- ◆ Roco Forex reasonably considers that funds may be required to meet any current or future Margin Requirement on open positions;
- ◆ You have any contingent liability to Roco Forex in respect of any other account you have opened with us;
- ◆ Roco Forex reasonably determines that there is an unresolved dispute between you and Roco Forex; and/or
- ◆ Roco Forex considers it necessary or desirable to enable Roco Forex to comply with regulatory/legal obligations.

Roco Forex will not pay funds to any third party account. Funds requested for withdrawal will only be paid to an account in the same name as the account

held with Roco Forex.

## 7. Roco Forex Order Types

When you request to place one of the types of orders described in this section, Roco Forex has an absolute discretion whether or not to accept and execute any such request. (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

### 7.1 Market Order

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

### 7.2 Pending Order

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

## 7.2.1 Buy Limit

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

## 7.2.2 Buy Stop

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

## 7.2.3 Sell Limit

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

## 7.2.4 Sell Stop

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

## 7.3 Stop Loss

This order is used for minimizing losses if the CFD price has started to move in an unprofitable direction. If the CFD price reaches this level, the position will be closed automatically. Such orders are always connected to an open position or a pending order. The client can place them only with a market or a pending order. The Roco Forex Meta Trader 4 checks the BID price of long positions for the meeting of this order provision, as it does with the ASK price for short positions. To automate a Stop Loss order following the price, one can use the Trailing Stop order.

## 7.4 Take Profit

The Take Profit order is intended for taking profit on an order when the CFD price has reached a certain level. Execution of this order results in the closing of the position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. The Roco Forex Meta Trader 4 checks the BID price of long positions for the meeting of this order provision, as it does with the ASK price for short positions.

## 7.5 Trailing Stop

A Stop Loss order is intended to reduce losses when the CFD price moves in an unprofitable direction. If the position becomes profitable, A Stop Loss order can be manually shifted to a break-even level. To automate this process, a Trailing Stop can be utilized. This tool is especially useful when a CFD price

moves strongly in the same direction or if the client does not wish to monitor the market continuously.

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

After the Trailing Stop is set, at incoming of new quotes, the Terminal checks whether the open position is profitable. As soon as profit in points becomes equal to or higher than the specified level, a command to place the Stop Loss order will be given automatically. The order level is set at the specified distance from the current price. Further, if the price changes in the more profitable direction, the Trailing Stop will make the Stop Loss level follow the price automatically, but if profitability of the position falls, the order will no longer be modified. Thus, the profit of the trade position is fixed automatically. After each automatic Stop Loss order modification, a record will be made in the platform journal.

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

## 8. Dispute Resolution

### 8.1 Internal Process

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

#### ***Steps to Submit a Complaint:***

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

#### ***After receiving the written complaint, Roco Forex Management will take the following actions:***

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

the complaint.

***No later than 30 days following receipt of the complaint, Roco Forex Management will:***

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

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

***Written complaints should be addressed to the Attention: Compliance Department and sent to Roco Forex at:***

**Attn: Compliance Department  
Roco International Pty Ltd  
Suite 205  
Level 2 379-383 Pitt Street**

## Sydney NSW 2000

### 8.2 External Process

If Roco Forex cannot resolve the issue or dispute in accordance with its Complaint Handling Procedures, the client may refer the issue or dispute to the Financial Ombudsman Service (“FOS”) for determination in accordance with its rules provided that the issue falls within the jurisdiction of the FOS. Roco Forex is a registered member of the FOS (Membership No. 25120).

You may lodge your complaint with the FOS by utilizing their Online Dispute form at [www.fos.org.au](http://www.fos.org.au) or by contacting the FOS at:

#### Financial Ombudsman Service

**Telephone:** 1300 78 08 08 9am-5pm AEST weekdays

**Fax:** (03) 9613 6399

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

**Email:** [info@fos.org.au](mailto:info@fos.org.au)

You will need to provide details of your dispute and any supporting documentation, together with your contact details and relevant account information.

### 8.3 Arbitration and Further Legal Proceedings

If the dispute or difference does not fall within the jurisdiction of the FOS, you may request Roco Forex to submit the dispute or difference to arbitration. The arbitration will be conducted in the accordance with the Institute of Arbitrators and Mediators of Australia Expedited Commercial Arbitration Rules,

and to the extent permitted under those rules the Arbitrator will be a person recommended by the New South Wales Chapter of the Institute of Arbitrators and Mediators of Australia.

If Roco Forex refuses your request to go to Arbitration, you may commence legal proceedings against Roco Forex, in which case you agree to submit the dispute to the courts of New South Wales, Australia. To the maximum extent permitted by law, any dispute raised by you in connection with Roco Forex regarding our products or disclosures must be dealt with in Australia as described above.

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

## 9. Terms & Conditions

### 9.1 User Agreement

The following describes the Terms and Conditions upon which Roco International Pty Ltd ACN 139 495 944 AFS License 391441 ("Roco Forex" or "the company") offers to the client (hereinafter "user" or "client") access to its website and the use of its products and services ("FX", "CFDs", "Derivatives").

This Agreement describes the terms, conditions and risks applicable to your use of our services available under the domain and sub-domains of [www.rocoforex.com.au](http://www.rocoforex.com.au) (the "website"). Before entering into an agreement with Roco Forex, clients read and accept the terms and conditions discussed in this Agreement without change or addendum.

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

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

## 9.2 Eligibility

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

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

The entry into any contract or transaction by Roco Forex does not mean and should not be taken to mean that Roco Forex recommends or concurs with the merits of the contract or transaction or that the contract or transaction is

suitable for you. Without limiting the foregoing, Roco Forex reserves the right to refuse and/or cancel services to anyone at its own discretion. (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

## 9.3 Client Funds

Any money that you deposit with Roco Forex will be segregated from Roco Forex's funds and held in a separate Client Trust account or accounts and may be invested in accordance with the Australian Client Money Rules. However, individual client's money is co-mingled into one or more segregated trust accounts. Trust accounts may not insulate your money from a default in the trust accounts.

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

Should there be a deficit in the trust accounts and in the unlikely event Roco Forex becomes insolvent, you will be an unsecured creditor in relation to the balance of the money owed to you. However, some protections are afforded to clients by the Australian Client Money Rules.

## 9.4 Taxation

The client acknowledges and agrees that Roco Forex does not collect tax for any government entity in any form or manner unless required by law, in which

event Roco Forex is authorized to deduct from the appropriate tax from the Client's account to fulfill any tax obligations as required by the appropriate government entity or other authority. Without limiting the foregoing, it is the obligation of the client, and not Roco Forex, to calculate and pay all taxes applicable to the client in their respective jurisdiction or country of residence as a result of the client's trading activity conducted with the company. Roco Forex recommends that clients consult their tax adviser when determining if derivative trading is suitable for their investment portfolio.

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

## 9.5 Risk Warning

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

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

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

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

## 9.6 Margin Requirement / Force Majeure

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

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

Roco Forex may in its reasonable opinion determine that an emergency or

exceptional market condition exists (a "Force Majeure Event"), including but not limited to:

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

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

- ◆ Suspend the placing of new orders by clients on the online trading platform and through the Dealing Department;
- ◆ Suspend the execution of orders that have been taken by Roco Forex but not executed;

- ◆ May change trading hours, change Margin Requirements, alter prices written against Underlying Instruments, close any or all open contracts, or take any other action that Roco Forex deems appropriate according to the prevailing circumstances.

(For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

## 9.7 Company Rights

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

Roco Forex may impose volume limits on Roco Forex Trading Accounts, at its sole discretion. Contract payouts shall be determined by Roco Forex by reference to the daily values reported on its web site relevant to the interbank trading data received by the company for CFD quotes, subject that Roco Forex shall have the right to make corrections to such data in the event of misquoted or typographically incorrect data.

## 9.8 Conflicts of Interest

Roco Forex is a market maker, not a broker. Clients will be trading CFD instruments directly with Roco Forex, and not on any other physical exchange or market. As the market maker, Roco Forex sets prices that refer to, but do not exactly correlate with, the prices in underlying reference instruments and markets. Roco Forex will act as a principal, and not as an agent, in respect to

CFD contracts open by clients.

## 9.9 Indemnity

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

## 9.10 Website Access & Use

The client shall be responsible for providing means by which to access the website, which may include without limitation a personal computer, modem and Internet Service Provider. The client shall be responsible for all access and service fees necessary to connect to the website and assume all charges incurred in accessing such systems. The client shall be responsible all risks associated with the use and storage of information on a personal computer or on any other computer through which the client will gain access to the website and the services. The client shall be responsible for safeguarding all password and account information that is provided by Roco Forex. The client shall be responsible for security and control of access to their computer, computer viruses or other similar harmful or inappropriate materials, devices, information or data. The client is responsible for not exposing Roco Forex's computer systems or Internet Service Providers to any computer virus or malicious software. Roco Forex will not be liable in any way to the client in the event of failure of or damage or destruction to your computer system, data or records or any part thereof, or for delays, losses, errors or omissions resulting from the failure or mismanagement of any telecommunications or

computer equipment or software.

## 9.11 Legal Restrictions

The client acknowledges that laws regarding financial contracts vary by country or jurisdiction, and it is the obligation of the client alone to ensure that they fully comply with any local law, regulation or directive, relevant to your country of residency with regards to doing business with Roco Forex. The Roco Forex website does not constitute, and may not be used for the purposes of an offer or solicitation. The website has been created to comply with the rules and regulations of the Australian Securities and Investment Commission. The trading of off-exchange, over-the-counter financial contracts may be restricted in certain jurisdictions.

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

## 9.12 Anti-Money Laundering Policy

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

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

AML/CTF Act.

## 9.13 Privacy Policy

### *Personal Information*

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

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

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

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

### *Use of Personal Information*

The information requested in the Account Application to open an account is

required by Roco Forex to determine whether a prospective client has enough knowledge and experience to trade in off-exchange, over-the-counter derivatives with Roco Forex. That information, together with the information collected and maintained by Roco Forex for duration of an account, is required to keep clients updated in relation to their account status, margin obligations, and trading activities.

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

### *Telephone Conversations*

Roco Forex may also record telephone conversations between the Client and Roco Forex's authorized representatives. Such recordings, or transcripts from such recordings, may be used to resolve any Client dispute. Recordings or transcripts made by Roco Forex of Client telephone conversations may be erased at Roco Forex's discretion. (For more information regarding Roco Forex's discretion, please refer to section 3.7 of this PDS.)

### *Website*

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

provided to us.

## *Updating Personal Information*

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

## *Client Consent*

By accessing Roco Forex's website the client consents to the collecting, maintaining, using and disclosing personal information provided.

## 10. Glossary

<b>Account Application</b>	Contains documents for gathering client information and also contains disclosure documents such as the PDS and FSG. When prospective clients are interested in opening an account with Roco Forex they are presented with the entire Account Application package. Roco Forex has Account Applications for individual Standard Account, Individual ProTrade Account, or Corporate Account types.
<b>Bid</b>	The price that the market will buy shares. A trader can sell at the bid price using CFD contracts to either go short or take a profit or loss on a long trade.
<b>Bid-Ask Spread Charge</b>	The difference between the bid price and the ask price. Can refer to a Rollover or other Fee that is deducted from the client's account based on positions held (either long or short) on instruments held overnight.
<b>Closed Position</b>	A long or short position that has been liquidated whether at a profit or loss.
<b>Commissions</b>	The cost that a broker will charge a Client for buying/selling a financial product. Commission on derivatives range from broker to broker. Some charge a flat rate per trade while others offer ' <i>Commission free dealing</i> '. They do this by offering their own CFD prices to Clients; these are often different from the prices quoted on the cash market.

<b>Contract Size</b>	The size or amount of CFDs opened in a position. Contract Sizes vary by instrument.
<b>Cover</b>	To sell a long position or buy back a short position.
<b>Credit</b>	Can refer to a Rollover/Rebate/Other Fee that is paid to the client's account based on positions held (either long or short) on instruments held overnight.
<b>Derivative</b>	A CFD contract that derives its value from an underlying reference instrument.
<b>Equity</b>	Funds that are not committed to margin obligations that a client may use to open new positions.
<b>Fill or Filled</b>	A completed order.
<b>Flat</b>	Having no position (short or long)
<b>Force Majeure</b>	This clause is included in contracts to remove liability for natural and unavoidable catastrophes that interrupt the expected course of events and restrict participants from fulfilling obligations.
<b>Foreign Client</b>	Any client or prospective client whose permanent physical address is outside Australia.

<b>GTC</b>	An order to buy or sell a spread bet that remains operative until the order is executed or cancelled.
<b>Hedging</b>	Minimizing risk by being simultaneously long and short. Perhaps someone is long \$50,000 of stock in the cash market and wants to protect this from potential downside risk. To hedge he would sell \$50,000 of CFDs. If the share price did go lower the loss on the stock position would be offset by profits made via the short position.
<b>Initial Margin</b>	The amount of cash deposit that is needed to trade a given amount of a CFD position.
<b>Introducing Broker</b>	An individual or entity who introduces clients to Roco Forex. In return IBs generally earn a rebate or commission based the amount of clients introduced to the firm who have opened an account and the trading volume of introduced clients. IBs for Roco Forex may not trade on behalf of the clients. IBs located within Australia will have an Australian Financial Services License; Foreign IBs must be regulated by their respective jurisdictions.
<b>Leverage</b>	Leverage involves borrowing a certain amount of the money needed to invest in something. In the case of CFDs, that money is usually borrowed from a broker. Foreign Exchange trading does offer high leverage in the sense that for an initial margin requirement, a trader can build up - and control - a huge amount of money.

<b>Limit Order</b>	An order to buy or to sell a position at a specific price.
<b>Liquidity or Liquid</b>	The amount of business conducted in a given market or stock. Where possible you always want to trade products that have good liquidity chiefly because they are cheaper to trade because of tight bid-ask spreads.
<b>Long Position</b>	Having bought, but not yet sold. A long position is entered with the aim of profiting from an increase in price. See also a Short Position
<b>Long trade</b>	A position that will make money in a rising market. Buying \$5,000 worth of Microsoft is an example of a long trade.
<b>Maintenance Margin</b>	The minimum amount of equity that must be maintained in a trading account. In the context of Roco Forex's trading accounts, clients must maintain 30% of Initial Margin in their trading account to avoid a "Cut Loss".
<b>Margin</b>	The amount of money needed to deposit with your CFD broker in order to fund a position. With margined products only a percentage of the nominal value has to be lodged in cash.
<b>Cut Loss</b>	A broker's demand on an investor using margin to deposit additional money or securities so that the margin account is brought up to the minimum maintenance margin. You would receive a Cut Loss from a broker if one or more of your positions you had decreased in value past a certain point. Due to the volatile nature of CFD markets, it is inefficient to notify Clients via a traditional "Margin Call" when their equity

falls below acceptable maintenance margin levels.

<b>Market Order</b>	An order to buy or sell at the current bid or ask price.
<b>Mark to Market</b>	<p>Because derivative products are margined, that being only part of the nominal value has to be deposited to control the asset it is very easy for Clients to be wiped out if the market moves against them.</p> <p>Mark to Market means that all profits and losses are credited/debited from Client accounts at the close of business every day.</p>
<b>Mark Up</b>	The adjustment of a bid/ask spread to reflect fees that the client may be obligated to pay if they were introduced by an introducing broker to Roco Forex and promised a fee to the introducing broker.
<b>Offer or Ask</b>	The price at which shares can be guaranteed bought. The trader also has the opportunity to bid for the shares as well but there is no guarantee that anyone will sell them to him.
<b>Open Position</b>	A long or short CFD position that has not been closed out
<b>Opening Range</b>	Markets, especially busy ones never really open at one price, rather they are given an opening range (usually the first 2

minutes) where opening orders are filled

**Overbought** A term used to describe a market or a stock that has appreciated so rapidly and has generated such excessively bullish sentiment that a near-term decline is highly likely

**Oversold** A term used to describe a market or a stock that has declined so rapidly and has generated such excessively bearish sentiment that a near-term rally is highly likely.

**Pips** The smallest price change that a given exchange rate can make. Since most major currency pairs are priced to four decimal places, the smallest change is that of the last decimal point - for most pairs this is the equivalent of 1/100th of one percent, or one basis point.

For example, the smallest move the USD/CAD currency pair can make is \$0.0001, or one basis point. The smallest move in a currency does not always need to be equal to one basis point, but this is generally the case with most currency pairs

## **Price Gap**

A significant price movement of a security or commodity between two trading sessions, such that there is no overlap in the trading ranges for the two days.

**Rebate** Compensation paid to an Introducing Broker who introduces new clients to Roco Forex. Compensation is based on number of clients introduced and/or trading volume of introduced clients. Compensation is negotiated between IBs and Roco Forex may differ.

## **Resistance**

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

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

## **Rollover**

### **Benefit**

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

### **Rollover**

### **Charge**

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

### **Short**

Having sold short, but not yet covered. A short position is

**Position** entered with the aim of profiting from a price decline.

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

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

**Spot** Another word for the cash price

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

**Spread Mark-up** The difference between an investment's lowest current offering price among dealers and the higher price a dealer charges a customer. Markups occur when dealers act as principals (buying and selling derivatives from their own accounts, at their own risk), as opposed to brokers (receiving a fee for facilitating a transaction).

**Stop Loss** A predetermined price at which a position will be closed to protect against further loss. The use of

stop losses is the only inherently reliable way for a trader to manage risk.

## **Support**

The price at which a prior decline was terminated or a future decline is likely to attract buying. If the FTSE 100 is currently trading at 5,300, market participants may well be reporting that they expect support to come in at 5,270<sup>00</sup>.

## **Technical analysis**

A form of charting but normally more complex. It can involve very sophisticated and powerful computer programs.

## **Total Equity**

Equal to any cash value plus the market liquidation value of the securities in the account.

## **Total Initial Margin Requirement/Total Margin Requirement**

Total amount of Initial Margin invested for all open positions. For example, if the client held two standard lots of EUR/USD and one standard lot of Gold, then his Total Initial Margin would be \$4000 USD (2 X \$1000 for Foreign Exchange CFD, 1 X \$2000 for Gold CFD).

**Trading Range** A market where prices are range bound by a higher and lower price band. Normally markets will range trade when there is little or no news to stimulate movement.

**Underlying Reference Instrument** A security, such as a stock, a commodity, or other type of financial product, such as a stock index, whose value determines the value of a derivative investment or product.

**Volatility** The degree of movement in the price of a stock or other security.