
Financial Services Guide



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1. Financial Services Guide

- 1.1 This Financial Services Guide (FSG) is dated 4th February 2013 and is provided to you by Pepperstone Financial Pty Ltd (Pepperstone, we, our, us) to inform you of the financial services provided by us and to comply with our obligations as the holder of an Australian Financial Services Licence (AFS Licence No 414530).
- 1.2 This FSG has been prepared to give you general information about the services and products we offer before we provide you with advice. The FSG is an important document and a regulatory requirement under the Corporations Act 2001. It contains information about remuneration, who we are, any associations or relationships we may have with financial product issuers, details of any potential conflicts of interest, our internal and external dispute resolution procedures and how you can access them, information on how we handle your personal information, and how we can be contacted.

2. Business Description

- 2.1 Pepperstone Financial Pty Ltd provides general investment advice in foreign exchange and basic deposit products to retail and wholesale clients. Pepperstone Financial Pty Ltd was incorporated in 2010 to provide execution only foreign exchange services to wholesale and retail clients. Backed by a team with extensive experience in derivative, foreign exchange trading and risk management, Pepperstone was established in response to the online trading community's escalating frustration over delays in trade executions, frequent system failures and poor customer support among traditional web-based firms.
- 2.2 Pepperstone's management have an extensive experience working in the foreign exchange, derivative markets and risk management.
- 2.3 To provide better service, Pepperstone provides high-end technology products that utilize fast executions, low spreads, and unmatched customer-service.

3. What other documentation might you receive?

- 3.1 Under the law regulating the provision of financial services, general advice and personal advice have special meanings and may differ from what you commonly understand. General advice can include direct or implied recommendations about financial products or services, whether general or for a class or kind of investor, and does not take into account your particular circumstances. General advice includes advice based on consideration of the investment alone (including by reference to current market conditions). Any such advice is provided without any express or implied recommendation that is appropriate for you in light of your personal circumstances. We only provide general advice.
- 3.2 If we recommend to you a particular financial product or you acquire a financial product through us, you may also receive a Product Disclosure Statement (PDS) prepared by a product issuer which contains information about the particular product, including any relevant terms, significant risks and details of other fees and charges which may apply. This document will be provided to assist you in making an informed decision about that product.
- 3.3 Regular updates, marketing materials, research reports, PDSs or offer documents and website content are not personal advice. Pepperstone Financial may collect personal or investment information from you to identify you, for marketing purposes or to administer your account. Collection of personal information is not to be implied that personal advice is given. How your personal information is dealt with is further expanded in this FSG, and a copy of our Privacy Policy is available by contacting us, or can be found on our website.

4. Who are we and what services are we authorised to provide?

- 4.1 Pepperstone holds a financial services license (AFSL No. 414530) which authorises Pepperstone to provide advice on and deal in the following classes of financial products:

1. Provide general financial product advice in foreign exchange and basic deposit products.
 2. Deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product on behalf of another person in foreign exchange and basic deposit products.
- 4.2 We act on our own behalf when providing a service to you. We can offer our services to both Wholesale and Retail clients.

5 What Fees and commissions do you receive?

- 5.1 Pepperstone Financial provides Foreign Exchange (Forex) execution services. Pepperstone Financial is entitled to any fees and commissions generated as a result of the provision of these services.

6 Interest / Client Money

- 6.1 Pepperstone Financial Pty Ltd are solely entitled to any interest or earnings derived from your money being deposited in our client trust account. Such interest or earnings are payable to us from the relevant trust account or investment account, as the case requires, as and when we determine. Upon realisation of an investment of your funds, the initial capital invested must either be invested in another investment permitted by the Corporations Act or deposited by us into the client trust account operated in accordance with the Corporations Act. In the event that the amount received upon realisation of an investment of your funds is less than the initial capital invested, we must pay an amount equal to the difference into the client trust account for your benefit, except where any such difference is the result of amounts paid out of the investment to us in accordance with the Client Agreement. We will not charge a fee for investing the money in the client trust account.

7. Income

- 7.1 The calculation of the price to be paid (or the payout to be received) for Margin FX Contract, at the time the Contract is opened or closed, will be based on market prices available at the time and the expected level of interest rates, implied volatilities and other market conditions during the life of the financial contract and is based on a complex arithmetic calculation. The calculation may include a spread markup in favour of Pepperstone Financial Pty Ltd. Spreads will differ depending on the currency pairs traded.
- 7.2 Spread means the difference between the bid price (price offered) and the ask price (price requested) for the base currency expressed against the terms currency. The spread is incorporated into the price of the currency pair quoted to you and is not an additional fee or charge payable by you. Pepperstone Financial Pty Ltd earns its income from rebates derived from the spread in the prices of the base currencies. In other words, we add an amount to the market ask price when you open a Long Margin FX Contract position and subtract an amount from the market bid price when you open a Short Margin FX position. If holding an ECN (Razor) account Pepperstone will offer a 'raw spread' price and charge a commission per 100K traded of AUD3.50 (AUD7 Round Trip). The Razor Electronic Crossing Network (ECN) Raw spread account allows Pepperstone traders to trade on the raw bid and ask price that we receive from our Interbank counterparties - there is no mark up applied. For this account Pepperstone derives its revenue from a commission charge applied at the close of each trade.
- 7.3 This means you pay more to buy a currency and receive less when you sell a currency. The spreads we quote are a number of Pips between the bid price and the ask price. A pip is the last decimal place to which an exchange rate is quoted.
- 7.4 The spreads we quote are determined by our liquidity provider. Pepperstone Financial does not charge any fees or commissions - except in the case of a Razor (ECN) account where Pepperstone will offer a lower spread and charge a commission per 100K traded of AUD3.5 (AUD7 Round Turn). It does however receive a commission from its liquidity provider for trades placed with the provider. This commission amount is derived from a markup on the spread or the actual commission amount charged in the case of a 'Razor' ECN Account.. This commission amount is derived from the spread and may range from 25-40% of the spread. The spread will be influenced by estimated current spot Interbank exchange rates (for gold and silver our best estimate of current spot price of gold and silver), the size of your transaction, the frequency of which you enter into Margin FX Contracts with us, expected levels of interest rates, implied volatilities and other market conditions during the life of the Margin FX Contract and the currency pair and

the time zone in which you choose to trade. The spreads we publish are our best possible target spreads used in normal market conditions. The spreads range from between 0.5 Pips to 10 Pips for major currency pairs and 0.5 Pips to 100 Pips for exotic currency pairs. Pepperstone Financial Pty Ltd will quote 5 decimal places for most currency pairs but the 4th decimal place is classed as the pip.

- 7.5 You will be charged a “roll over” fee with respect to Spot and Forward transactions. As long as the deal remains open, there is a “roll over” charge which represents the interest rate swap and a finance rate, which is determined by the currency pair being traded. Swap rates are indicative rates and are subject to change based upon market volatility. They can change daily and are published by Pepperstone within the trading platform. Clients are able to check the Swap rate / Rollover rate by opening the trading platform and selecting Market Watch, right clicking and selecting Symbols. The Pepperstone website will update periodically with these rates however we encourage you to check current rates via the trading platform.
- 7.6 Where your business has been referred to Pepperstone, Pepperstone may be required to share a percentage of the commission or other charge with the referring party.

8 Details of Associations or Relationships

- 8.1 Pepperstone has a relationship with its nominated Execution and Clearing Broker. These relationships in no way influence the provision of financial services by Pepperstone Financial.
- 8.2 Pepperstone has a relationship with its Liquidity Providers and Prime Brokers. These relationships may influence the information provided to clients.

9 Privacy Policy

- 9.1 We collect your personal information when you:
1. Complete and submit forms on this web site; and
 2. Return completed paper account opening forms.
- 9.2 We do not disclose any non-public, personal information about our customers, former customers, or potential customers to anyone, except as required to provide services through Pepperstone Financial Pty Ltd.
- 9.3 We may contact you from time to time with promotional and marketing material via phone, email and mail. If at any time you do not wish to receive marketing material please contact us and we will remove you from our lists.

10. What if I have a complaint?

- 10.1 If you wish to make a complaint, you should contact the Managing Director (Mr Owen Kerr) of Pepperstone Financial in the first instance. Mr Owen Kerr’s contact details are below.
- 10.2 Pepperstone Financial must comply with a Complaints Resolution Procedure. Pepperstone Financial to know about any problems or concerns you may have with our services so we can take steps to resolve the issue. We have internal and external dispute resolution procedures to resolve complaints from clients.
- 10.3 Initially, all complaints will be handled and investigated internally. Should you feel dissatisfied with the outcome, you have the ability to escalate your concerns to an external body for a resolution.
- 10.4 Furthermore, Pepperstone is a member of the Financial Ombudsman Service (FOS), which is an approved external dispute resolution scheme that can deal with complaints about all of the financial services provided under the AFS Licence.
- 10.5 If you have a complaint about the financial services provided to you, please take the following steps:

1. Contact Pepperstone Financial (details below) or to inform us about your complaint. You may do this by telephone, facsimile, email or letter.
2. If you are dissatisfied with the outcome, you have the right to complain to the Financial Ombudsman Service (FOS) in writing at:

Financial Ombudsman Service
G.P.O. Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Facsimile: (03) 9613 6399
Web: www.fos.org.au
Email: info@fos.org.au

Pepperstone is a member of the FOS complaints resolution scheme; membership number is 28689.

3. You can contact the Australian Securities and Investments Commission on 1300 300 630. This is a free call info line. This is another alternative that you may use to make a complaint and obtain information about your rights.

10.6 In accordance with Regulatory Guide RG126 and Section 912B of the Corporations Act 2001, Pepperstone has Professional Indemnity Insurance in place which covers the work done for it by its representatives, employees and authorised representatives.

11. Contact Details

11.1 AFS Licensee:

Business Name:	Pepperstone Financial Pty Ltd
Office Location:	Level 3, 27 – 31 King Street, Melbourne, VIC, 3000
Telephone:	+61 (0) 3 9020 0155
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