



PRODUCT DISCLOSURE STATEMENT

CONTRACTS FOR DIFFERENCE

Issue Date: 11 May 2006

IMPORTANT NOTE

Financial Services are provided by Sonray Capital Markets Pty Ltd ACN 104 482 993. ("Sonray")

Please note that this Product Disclosure Statement ("PDS") does not constitute a recommendation, advice or opinion. Before entering into a Sonray CFD transaction, you should seek independent advice to ensure this is appropriate for your particular financial objectives, needs and circumstances. We recommend that you also obtain independent taxation and accounting advice in relation to the impact of Contracts for Difference ("CFD") transactions (and any incidental foreign exchange gains and losses) on your particular financial situation. The taxation consequences of trading in CFDs can be complex and will differ for each individual's financial circumstances, and your tax adviser should be consulted prior to entering into or disposing of a CFD.

Sonray does not guarantee the investment performance of CFD products nor the investment performance of the underlying markets or instruments.

For information regarding our full range of products and services, please read our Financial Services Guide. If you have any queries regarding this PDS, please contact Sonray.

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1. Purpose and Contents of this Product Disclosure Statement (“PDS”)

This PDS is designed to provide you with important information regarding Contracts for Difference transactions we utilise in the provision of our services, including the following information:

- Who we are
- How you can contact us
- Which products we are authorised to offer or utilise
- Key features/risk/benefits of these products
- Applicable fees and charges for these products
- Any (potential) conflicts of interest we may have; and
- Our internal and external dispute resolution process.

The information in this PDS is subject to change from time to time. Where changes are material, we will issue a revised or supplementary PDS to all clients. This PDS does not constitute an offer or solicitation to anyone outside the authorised jurisdiction.

If you would like further information, please ask us. Further detail about our services is available on our website.

2. Name of Service Provider & Principal Contact

The Service Provider is Sonray Capital Markets Pty Ltd ACN 104 482 993 (“Sonray”), and the Principal Contact is Russell Johnson, Managing Director.

3. Australian Financial Services Licence (“AFSL”)

Sonray holds an AFSL [Number 231151] and is authorised to provide the following services:

- to provide general and/or personal financial product advice in relation to, and to deal in,:
 - (i) deposit and payment products;
 - (ii) derivatives;
 - (iii) foreign exchange contracts;
 - (iv) debentures, stocks or bonds issued by a government;
 - (v) managed investment schemes including investor directed portfolio services;
 - (vi) securities; and
 - (vii) miscellaneous financial investment products limited to managed investment warrants and Managed Discretionary Account (MDA) services; and
- to make a market in derivatives; and
- to underwrite interests in managed investment schemes and issues of securities; and
- to provide certain custodial services;

to retail and wholesale clients.

Sonray can undertake trades pursuant to client instructions (non-discretionary) or manage such investments on their behalf (discretionary) utilising a comprehensive range of financial products and services.

4. Contact details of Sonray

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5. What is a Contract for Difference

A contract for difference (**CFD**) is an over-the-counter derivative product comprising an agreement under which one party is entitled to be paid an amount of money, or to pay an amount of money, depending on movements in the price or value of an underlying instrument or security. This transaction concludes with the parties settling the difference between the purchase price and the sale price.

6. Nature of Contract for Difference transactions offered by Sonray

Sonray provides the following services:

- Execution only service for Contracts for Difference;
- Pre-transaction advice on Contracts for Difference;
- Advisory and dealing service for Non-Discretionary and Discretionary Accounts.

Sonray is authorised to buy and sell Contracts for Difference and to give advice in relation thereto.

7. Purpose of Contracts for Difference

People who trade in CFDs may do so for a variety of reasons. Some trade for **speculation**, that is, with a view to profiting from fluctuations in the price or value of the underlying instrument or security. For example, share CFD traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the underlying shares. CFD traders may have no need to sell or purchase the underlying shares themselves, but may instead be looking to profit from market movements in the shares concerned.

Others trade share CFDs to **hedge** their exposures to the underlying shares. For example, CFDs can be used as a risk management tool to enable those with existing holdings of underlying shares to lock in an effective sale price for the shares concerned by taking a "short" CFD position. Then, if the price of the underlying shares the investor holds falls, the short CFD positions will wholly or partly offset the losses incurred on the physical holdings.

Please note that the risk of loss in trading in derivatives and/or leveraged products can be substantial. A client should carefully consider whether trading such products is appropriate for them in light of their financial circumstances and objectives.

8. Key Features of Contracts for Difference

You can take both “long” and “short” CFD positions. If you take a long position, you profit from a rise in the underlying instrument or securities price, and you lose if the underlying instrument or securities price falls. Conversely, if you take a short position, you profit from a fall in the underlying instrument or securities price, and lose if the underlying instrument or securities price rises.

CFD Trading Examples

Example 1: Going Long

You expect Coles Myer to announce good profit results to the market and anticipate its price could rise by 7% over the next sixteen days.

Open Position

Buy Quantity		5000
Price		9.10
Contract Value		45,500.00

Initial Margin	10%	(4,550.00)
Commission	0.30%	(136.50)

Close Position

Sell Quantity		5000
Price		9.72
Contract Value		48,600.00
Commission	0.30%	(145.80)

Gross Profit		48,600.00
		-45,500.00
		3,100.00

Commission (Bought & Sold)		(136.50)
		(145.80)
		(282.30)

Financing Cost		
*(Libor 5.25% + 3.00%)		
45,500 x 8.25% x 16/360		(166.83)

Net Profit		2,650.87
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Alternatively: your expectations prove to be incorrect and your stop loss is triggered

Close Position

Sell Quantity		5000
Price		8.92
Contract Value		44,600.00
Commission	0.30%	(133.80)

Gross Loss		44,600.00
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	-45,500.00
	(900.00)
Commission (Bought & Sold)	(136.50)
	(133.80)
	(270.30)
Financing Cost	
*(Libor 5.25% + 3.00%)	
45,500 x 8.25% x 16/360	(166.83)
Net Profit (loss)	(1,337.13)

* Please note for the purpose of this example the Libor Rate is fixed at 5.25%

Example 2: Going Short

You anticipate that the rally in BHP Billiton shares has peaked and anticipate that it could fall by as much as 8% over the next ten days

Open Position

Sell Quantity		5000
Price		14.90
Contract Value		74,500.00
Initial Margin	20%	(14,900.00)
Commission	0.3%	(223.50)

Close Position

Buy Quantity		5000
Price		13.71
Contract Value		68,550.00
Commission	0.30%	(205.65)

Gross Profit	74,500.00
	-68,550.00
	5,950.00

Commission (Sold & Bought)	(223.50)
	(205.65)
	(429.15)

Interest Earned	
*(Libid 5.00% - 2.50%)	
74,500 x 2.50% x 10/360	51.74

Net Profit	5,572.59
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Alternatively: your expectations prove to be incorrect and your stop loss is triggered

Close Position

Buy Quantity		5000
Price		15.20
Contract Value		76,000.00
Commission	0.3%	(228.00)

Gross Loss	74,500.00
	-76,000.00
	(1,500.00)
Commission (Sold & Bought)	(223.50)
	(228.00)
	(451.50)
Interest Earned	
*(Libid 5.00% - 2.50%)	
74,500 x 2.50% x 10/360	51.74
Net Loss (loss)	(1,899.76)

* Please note for the purpose of this example the Libid Rate is fixed at 5.00%

CFDs are highly leveraged derivatives and involve the potential for both profit and losses, as reflected in the example shown above.

9. Key Benefits of CFDs

CFDs provide an alternative short to medium term trading strategy giving you many of the benefits of trading financial instruments or securities, such as shares, without having to physically own them.

CFDs enable you to take leveraged “long” or “short” positions without having to take or make delivery of the underlying instrument or security. Instead, you provide a cash deposit (known as the initial margin) as collateral. Each business day, the position is marked-to-market, with the consequential payments being made between the parties. This is discussed further below in section 12 under the heading “Daily payment of differences”.

Although a CFD replicates the price movement of the underlying instrument or security, you have no right or obligation to acquire or deliver the instrument or security itself.

CFDs provide a number of benefits which must, of course, be weighed against the risks of using them. Advantages include:

- **Hedging:** You can use CFDs to hedge exposure to the underlying shares.
- **Speculation:** You can also use CFDs for speculation, with a view to profiting from market fluctuations. CFDs allow you to take a position with an exposure to a particular underlying instrument or security without needing to buy or sell the underlying instrument or security.
- **Market positions and strategies:** Users can potentially profit (and lose) from both rising and falling markets depending on the strategy they have employed. Strategies may involve “pairs trading”, that is taking a position in CFDs over two shares to take an exposure to their relative market movements. Strategies may be complex and will have different levels of risk associated with each strategy.
- **Leverage:** The use of CFDs involves a high degree of leverage. These contracts enable a user to outlay a relatively small amount (in the form of initial margin) to secure an exposure to the underlying share. This leverage can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. For example, if you have a positive view about the prospects of a company, you could either BUY 10,000 shares of the company at \$1.00 and pay your broker \$10,000 (plus costs) or you could BUY the company CFD and use an Initial Margin (depending on the particular company) of somewhere between

\$500 and \$2,500 (plus costs). For the experienced investor, this leverage provides an attractive means of gaining exposure to the performance of the underlying shares without the need to invest in the physical share.

10. Key Risks of CFDs

Using CFDs involves a number of significant risks. You should seek independent advice and consider carefully whether CFDs are appropriate for you given your experience, financial objectives, needs and circumstances. Some of the significant risks involved in CFDs, include the following:

- **Credit risk:** You are subject to our credit risk. If Sonray were to become insolvent, then we may be unable to meet our obligations to you in full or at all.
- **Operational risk:** There is always operational risk in a CFD transaction. For example, disruptions in operational processes such as communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction.
- **External market forces:** Financial markets such as stock markets can change rapidly. Share prices depend on a number of factors including for example, interest rates, demand and supply, actions by the company concerned and actions of governments. In some cases, shares may be suspended from trading or have their quotation withdrawn from the exchange where they are traded. This will directly affect a Share CFD position.
- **Loss of margin:** You could sustain a loss, greater than and not limited to, the initial and variation margin that you have/had deposited with us to establish and/or maintain a CFD.
- **Payment of losses and variation margin:** If the underlying share price moves against your CFD position, you may be required, at short notice, to deposit with us a variation margin in order to maintain your position. The amount of the variation margin may be substantial. If you fail to provide those additional funds within the required time, your position may be liquidated at a loss and you will be liable for any shortfall in your account resulting from that failure. Positions are marked to market on a daily basis, with payments being settled daily to account for market movements.
- **Account balances:** If your Use of Equity for Margin exceeds 101%, Sonray reserves the right to reduce or close out your position in order to reduce its exposure.
- **Leverage:** The high degree of leverage that is involved in CFDs because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.
- **Our powers on default, indemnities and limitations on liability:** If you fail to pay, or provide security for, amounts payable to Sonray or fail to perform any obligation under your contracts, Sonray has extensive powers under our client agreement with you to take steps to protect our position including, for example, the power to close out positions and to charge default interest. Under the client agreement you also indemnify Sonray for certain losses and liabilities, including, for example, in default scenarios. Further Sonray's liability to you is expressly limited. You should read the contract carefully to understand these matters.
- **Liquidity:** Under certain conditions, it may become difficult or impossible for you to close out a position. This can, for example, happen when there is a significant change in the underlying instrument price over a short period.

This is only a summary of the significant risks of using CFDs. Sonray strongly recommends that, if you are not fully familiar with CFDs, you obtain independent advice before proceeding

with a transaction. You should also consider seeking independent advice before entering into our client agreements, as they are important legal documents.

• **Superannuation Funds:** It should be noted that complying superannuation funds are subject to numerous guidelines and restrictions in relation to their investment activities which are contained in the Superannuation Industry Supervision Act 1993, the regulations made under that Act and circulars issued by past and present regulators of superannuation funds including the Insurance and Superannuation Commission, the Australian Prudential Supervisory Authority and the Australian Taxation Office.

Without being an exhaustive list, following are some of the issues that should be considered by a Trustee of a complying superannuation fund:

- Prohibitions on borrowing and charging assets and whether dealing in CFDs would breach those borrowing and charging prohibitions;
- The purpose of dealing in CFDs in the context of a complying superannuation fund's investment strategy as well as the fiduciary duties and other obligations owed by Trustees of those funds;
- The necessity for a Trustees of a complying superannuation fund to be familiar with the risk involved in dealing in CFDs and the need to have in place adequate risk management procedures to manage the risks associated in dealing in those products; and
- The consequences of including adverse taxation consequences if a superannuation fund fails to meet the requirements for it to continue to hold complying status.

11. Margins

Where you enter a transaction you will be required to pay an initial margin and may be required to pay additional margin in the event of adverse market movements against your position. Such payments are not costs but are cleared funds required by Sonray to cover our risk and as security for the client's obligations.

The entry into CFDs involves the payment of margins. The client is responsible to meet all margin payments required by Sonray. It is the client's sole responsibility to monitor and manage their open positions and exposures, and ensure margin calls are met as required. Margin calls will be notified via 'pop-up' screens on the trading platform, and clients are required to log-in to the system on a daily basis when they have open positions to ensure they receive notification of any such margin calls. Please note that if clients do not check the trading platform for margin call notifications, and hence do not meet them in a timely manner, positions will be closed out by Sonray, without further reference to the client, as per the executed Client Agreement. A margin call will not be considered to have been met UNLESS AND UNTIL cleared funds have been received by Sonray in the nominated account AND Sonray has updated the trading platform (generally around 10am on the following business day).

There are two components of the margin, which you may be required to pay in connection with CFDs. These are **initial margin** and **variation margin**.

The **Initial Margin** is an amount of money Sonray will debit from your account at the time the CFD is entered into. The initial margin represents the security deposit value that you are required to hold with Sonray when you first open a CFD position. The initial margin is typically (but not always) 5-25% of the contract value or will represent the assessed risk value that Sonray determines should apply, in its sole discretion.

The **Variation Margin** is the unrealised profit or loss on your open position. This amount is equal to the dollar value movement in your open position when compared against the current market price. Sonray may, in certain circumstances, refund variation margin to you when a position moves in your favour.

The **Gross Liquidation Value (GLV)** is the amount of money you would have in your account were you to close out all positions at the current market price (less any transaction charges or adjustments).

The **Free Equity** balance is defined as **Gross Liquidation Value (GLV)** less **Initial Margin (IM)**. Free equity can be utilised to enter into further CFD positions or can be withdrawn from your account (subject to account minimum balance being maintained). Sonray may vary the amount of the margin it requires during the life of the contract. Margin calls must normally be met within 24 hours of Sonray making the margin call. In some situations Sonray may require payment within a shorter time period (for example where there is unusual volatility).

We provide you with notice of the variation margin by making a “margin call” (via ‘pop-up’ screens on the trading platform). When we make a margin call you must deposit the amount of funds that we request into our nominated account. If you fail to make margin payments ie if we fail to receive cleared funds, we may reduce or close all your open positions without further notice.

12. Daily payment of differences

Following the close of business on each Business Day during the term of a CFD, Sonray will determine the contract value of the CFD that will apply as at close of business, ordinarily based on the closing price quoted by the relevant exchange. Where Sonray considers that the closing price can not be determined on that basis, it will determine the value in its discretion.

Where the share is suspended or halted by the relevant exchange, the CFD position will be valued and a closing price will be determined by Sonray. If the contract value at the close of business is, in monetary terms, greater than the contract value determined for the previous day, and you hold a “short” position in the CFD, you will pay the difference to Sonray. Conversely, if the new contract value in monetary terms is less than the previous contract value, Sonray will pay you the difference.

If the contract value at the close of business is, in monetary terms, greater than the contract value determined for the previous day, and you hold a “long” position in the CFD, Sonray will pay the difference to you. Conversely, if the new contract value is, in monetary terms, less than the previous contract value, you will pay Sonray the difference.

13. Closing a CFD

CFDs do not have an expiry date. They remain open until they are closed in accordance with the terms of the client agreement. To close a CFD position, you contact Sonray, either electronically or by telephone, to determine the current market price for the underlying security/instrument, with the view to close the position (or part of it). Sonray will confirm the current market price and you will then decide whether to accept the price, and if so, you will instruct Sonray to close your open position in accordance with your instructions. The total closing value is then determined by multiplying the number of CFDs by the price of the underlying instrument or security.

On the day that the CFD is closed, Sonray will calculate the remaining payment rights and obligations to reflect movements in the contract value since the previous business close (including interest and other credits/debits). The determination of the closing value may be

affected by certain events described below.

- If the CFD is over shares in a company which becomes externally administered, the CFD is taken to be closed at that time. If this happens, Sonray will determine the closing price.
- If the CFD is over shares which cease to be quoted on the exchange on which they were quoted when the CFD was entered into, or are suspended from quotation for 5 consecutive business days, we may elect to close the CFD and/or call additional margin as determined by Sonray.

14. Dividends and other corporate actions (share CFDs)

If you hold a long CFD, you will be credited with an amount equal to the gross unfranked dividend on the underlying shares on the business day after the ex-dividend date (CFDs do not confer rights to any dividend imputation credits). Conversely, if you hold a short CFD, your account will be debited an amount equal to the gross unfranked dividend on the underlying shares on the ex-dividend date.

If there is a corporate action by the company which issues the shares to which the CFD relates, Sonray may make an adjustment to the terms of the CFD in accordance with the terms of the client agreement. For example, an adjustment will ordinarily be made for subdivisions, consolidations or reclassifications of shares, bonus issues or other issues of shares for no consideration, rights issues and other similar events. Sonray also has the right to decide to make an adjustment in any circumstance where Sonray considers an adjustment is appropriate. Sonray has a discretion to determine the extent of the adjustment so as to place the parties substantially in the same economic position they would have been in had the adjustment event not occurred.

Sonray may elect to close a position where an adjustment event occurs and it determines that it is not reasonably practicable to make an adjustment. Sonray may also elect to close a CFD, where the underlying shares are the subject of a take-over offer, prior to the closing date of the offer.

CFDs do not entitle you to any voting rights in connection with the underlying instrument or security such as shares.

15. Foreign Exchange conversions

If you instruct Sonray to effect a transaction denominated in a foreign currency (for example a transaction on an overseas market), Sonray may need to convert Australian dollars it receives from you into foreign currency to meet the obligations arising in respect of the transaction. Similarly, if you are resident overseas and instruct Sonray to effect a transaction denominated in Australian dollars, Sonray may need to convert the foreign currency into Australian dollars. These conversion requirements may involve the entry into foreign exchange transactions within the meaning of the Corporations Act. Sonray is authorised under its Australian Financial Services Licence to provide this service. Dealing in foreign currency related transactions can expose you to foreign exchange risks between the time the transaction is entered into and the time the relevant conversion of currencies occurs. Foreign exchange markets can change rapidly. Exchange rates depend on a number of factors including for example, interest rates, currency supply and demand and actions of government. In some situations, exchanges of currency may be suspended. There is always operational risk in a foreign exchange transaction. For example, disruptions in our operational processes such as

communications, computers and computer networks, or external events may lead to delays in the execution and settlement of a transaction. You should have regard to these risks when considering transactions involving financial products described herein.

16. Documentation

Sonray will provide you with the requisite documentation to facilitate requested transactions. If you proceed with a Contract for Difference transaction, you will need to return a signed copy of the Client Agreement and Disclosure Document, which sets out your rights and obligations, and our trading terms, prior to trading any Contracts for Difference. Please contact us for a copy of the Agreement. You should read the Agreement carefully and seek independent legal and/or financial advice should you have any concerns.

Sonray provides general advice (which **does not** take into account your objectives, financial situation or needs) in relation to most transactions.

In the event that you are a retail client AND we provide you with personal advice (which does take into account your objectives, financial situation or needs in relation to your futures or options transaction or request), you shall receive a separate Statement of Advice.

17. Remuneration, commission & benefits expected to be received by Sonray for provision of our financial services

Sonray is remunerated through the fees and commissions that we charge you. With certain products, we are also directly remunerated by non-related product issuers through ongoing commissions.

Sonray's employees and directors are remunerated by way of salary and other employee benefits. They may also be eligible for a discretionary bonus which is based on achievement of pre-determined business objectives such as contribution to profit, client service, risk management and leadership/team contribution.

Certain employees, directors and representatives may also receive 0% to 70% of all fees and commissions generated from their clients depending on the level of salary and the aggregate revenue that they earn for Sonray.

Fees and commissions charged to you will depend on the type of financial product being traded, the frequency of your trading activity, the type and level of service required and the size of the transaction. Rates are subject to negotiation by you with Sonray prior to transacting any business and are detailed in the Fees & Charges section of this Product Disclosure Statement. Fees and commissions, once disclosed and agreed, will be charged to your trading account at the time your transaction is executed.

Sonray is also entitled to retain any interest it earns on client money held in the segregated accounts it must maintain pursuant to the Corporations Act. The rate of interest is determined by the provider of each segregated account. Client acknowledges that individual client accounts are not separated from each other, but may be co-mingled into one trust account (which is separate to Sonray's monies/assets).

Clients may also incur failure fees on failed transactions or interest charges on outstanding payments.

If you receive personal advice from a representative of Sonray, more detailed information about fees, commissions and other benefits payable to Sonray or our representative will be contained in or with your Statement of Advice.

Sonray does not make payments to, or accept payments from, third parties; and we comply with our obligations to report all relevant transactions to AUSTRAC in accordance with anti-money laundering requirements.

18. Costs, Fees & Charges

Brokerage Fees

We charge a brokerage fee on each Contract for Difference executed on your behalf. Our rates vary depending on the type and level of service required, and the frequency and size of transactions. The standard fee you will be charged per transaction varies between 0.10% of the gross transaction value OR AUD\$25 (whichever is greater); and 2.00% of the gross transaction value OR AUD\$80 (whichever is greater).

The fee must be paid to us immediately upon execution of the trade, and will be deducted from your account in accordance with our agreement.

Interest on Long and Short open positions

If you hold a long CFD position overnight you will pay interest on the open position value. This value is calculated daily and is the quantity of CFDs you hold multiplied by the closing market price for the underlying share on that day. For example (for a share CFD) if you were paying a "long" CFD funding charge of 3% over the LIBOR rate (which was say 5.25%), you would be paying a funding rate of 8.25% per annum. If the contract was for 10,000 CFDs and the closing price was \$2.00 per share, the open position value would be \$20,000.00. The funding charge would be approximately \$4.52* for every day the contract is maintained ($\$20,000 \times 8.25\% = \$1,650$ divided by 360).

*The exact amount of interest paid/received by Sonray will vary each day, depending upon such factors as the closing price of the underlying instruments or securities in your CFD portfolio, changes to the holdings within your CFD portfolio and/or changes to the prevailing interest rate that is applied.

If you hold a "short" CFD position overnight, Sonray would pay you interest on the open position at market value. This is paid at the LIBID rate less 2.5%. No interest is paid or received if you open and close a position in the same day. Funding interest is debited from and credited to your CFD account on a daily basis. The applicable interest rate for open positions at the close of the trading day is set out below. This is calculated by the number of CFDs multiplied by the closing price multiplied by the applicable interest rate divided by 360 days.

Margins

CFDs involve the payment of initial and variation margin. A general discussion about the amounts and the time by which those amounts are payable, are discussed in section 11 above under the heading "Margin". Margins are determined by Sonray in its absolute discretion and can vary from day to day.

Interest on Credit and Debit Balances

Interest is the price paid for the use of money. An interest rate is the ratio of the amount of interest to the amount of money. When interest rates are expressed to two (2) decimal places, one unit in the second decimal place is known as a **basis point**. For example:

- In the quotation 5.75%, one basis point means 0.01%; alternatively
- In the decimal notation 0.0575, one basis point means 0.0001.

Your net free credit balance accrues interest at the daily interest rate determined by Sonray. Your net free credit balance is your cash balance, per currency, plus or minus all positions mark to market, less any initial margin requirements for all open positions. The interest rate paid on account balances of less than \$15,000 is the London Interbank Bid Rate ("LIBID") less 3.75%. The interest rate paid on account balances between \$15,000-\$100,000 is LIBID less 2.5%. The interest rate paid on account balances exceeding \$100,000 is LIBID less 1.5%.

Interest is calculated daily, but credited to your account monthly. The amount is equal to the amount of your net free credit balance (per currency) multiplied by the annual rate of interest for the number of days you are owed interest. This amount is then divided by 360 to get a daily amount.

For example, let's assume that you have the following scenario:

Base Currency – Australian Dollars i.e. AUD

Account balance = \$20,000

You have one open position which requires an initial margin of AUD \$5,000

You have an unrealised loss of this open position equal to AUD \$2,000

LIBOR Rate = 5.5%

This means that your net free balance = \$13,000 (i.e. \$20,000 - \$5,000 - \$2,000)

Interest = (net free credit balance x interest rate x number of days interest owed)/360

= (\$13,000 * 0.0175 * 1)/360

= \$0.63 interest earned per day.

We note that the funds used to meet your margin obligations when you open a position do not accrue any interest:

In the event your account balance becomes a debit Sonray will charge you interest at 3% or 300 basis points above the LIBOR rate. Provided you meet all calls for variation margin it is unlikely your account will go into debit. However, in the event of a major market movement against your position and you fail to meet a call for variation margin Sonray may exercise its right to close your position. If the realised loss is greater than the amount you have deposited with Sonray then your account will go into debit.

19. Disclosure of any relevant conflicts of interest

We do not have any relationships or associations which might influence us in providing you with our services.

20. Dispute Resolution

Sonray has an internal dispute resolution process in place to resolve any complaints or concerns you may have, quickly and fairly. Any complaints or concerns should be directed to the Complaints Officer (by telephone, facsimile, or letter) at the address and telephone/fax numbers provided in Section 4 of this PDS, or by email to complaints@sonray.com.au

We will provide acknowledgement of receipt of written complaints within 5 business days, and seek to resolve and respond to complaints within 30 business days of receipt. We will investigate your complaint, and provide you with our decision, and the reasons on which it is based, in writing.

If you are dissatisfied with the outcome, you have the right to lodge a complaint with the Financial Industry Complaints Service Limited [contact details below], an approved external

dispute resolution scheme, of which Sonray is a member. You may also make a complaint via the ASIC freecall Infoline on 1300 300 630.

FICS

PO Box 579

Collins Street West

Melbourne VIC 8007

Telephone: 1300 780 808

Facsimile: +613 9621 2291

Website: www.fics.asn.au

Email: fics@fics.asn.au

21. Offer restricted to Australian residents

This PDS is not an offer or invitation in relation to Sonray's CFD products in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. The distribution of this PDS outside Australia may be restricted by the laws of places where it is distributed and therefore persons into whose possession this PDS comes should seek advice on and observe those restrictions. Failure to comply with relevant restrictions may violate those laws.