



PRODUCT DISCLOSURE STATEMENT

MARGIN FOREIGN EXCHANGE

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 Margin Foreign Exchange ("Margin FX") 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 foreign exchange gains and losses on your particular financial situation. The taxation consequences of Margin FX transactions can be complex and will differ for each individual's financial circumstances, and your tax adviser should be consulted prior to entering into a Margin FX transaction.

Sonray does not guarantee the investment performance of margin fx 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.

<u>1. PURPOSE AND CONTENTS OF THIS PRODUCT DISCLOSURE STATEMENT (“PDS”).....</u>	<u>4</u>
<u>2. NAME OF SERVICE PROVIDER & PRINCIPAL CONTACT.....</u>	<u>4</u>
<u>3. AUSTRALIAN FINANCIAL SERVICES LICENCE (“AFSL”).....</u>	<u>4</u>
<u>4. CONTACT DETAILS OF SONRAY.....</u>	<u>5</u>
<u>5. WHAT IS A MARGIN FX TRANSACTION.....</u>	<u>5</u>
<u>6. NATURE OF MARGIN FX CONTRACTS OFFERED BY SONRAY.....</u>	<u>5</u>
SPOT CONTRACT	6
FORWARD CONTRACT	6
OPTION CONTRACTS:	7
<u>7. PURPOSE OF MARGIN FX.....</u>	<u>8</u>
<u>8. KEY FEATURES OF MARGIN FX CONTRACTS.....</u>	<u>9</u>
POINTS	10
CALCULATING PROFITS AND/OR LOSSES	10
REALISED AND UNREALISED PROFITS AND LOSSES	10
HOW ARE SONRAY MARGIN FX PRODUCTS TRADED?	10
EXAMPLES FOR SPOT AND FORWARD CONTRACTS	11
(i) Trading Scenario – Trading Rising Prices	11
(ii) Trading Scenario – Trading Falling Prices	12
EXAMPLES FOR OPTION CONTRACTS	13
<u>9. KEY BENEFITS OF MARGIN FX CONTRACTS.....</u>	<u>14</u>
<u>10. KEY RISKS OF MARGIN FX TRANSACTIONS.....</u>	<u>16</u>
DERIVATIVES RISKS GENERALLY.....	16
MARKET VOLATILITY	17
COUNTERPARTY RISK.....	18
FOREIGN EXCHANGE RISK.....	18
OPPORTUNITY COST	19
MARKET INFORMATION	19

SYSTEMS RISK	19
USE AND ACCESS TO THE WEBSITE	19
OUT OF THE MONEY OPTIONS	20
CLIENTS' MONIES	20
RISK CAPITAL	20
SUPERANNUATION FUNDS.....	21
OTHER.....	21
<u>11. MARGINS.....</u>	<u>21</u>
<u>12. DOCUMENTATION</u>	<u>23</u>
THE TRADING PLATFORM	23
CONFIRMATION OF TRANSACTIONS	23
<u>13. REMUNERATION, COMMISSION & BENEFITS EXPECTED TO BE RECEIVED BY SONRAY FOR PROVISION OF OUR FINANCIAL SERVICES.....</u>	<u>24</u>
<u>14. COSTS, FEES & CHARGES.....</u>	<u>25</u>
MARGIN REQUIREMENTS.....	25
ROLL OVER FEE.....	25
CONVERSION FEE	26
INTEREST ON CREDIT AND DEBIT BALANCES	26
INTEREST YOU MAY RECEIVE OR PAY WHEN MARGIN FX CONTRACTS ARE “ROLLED OVER”.	27
<u>15. DISCLOSURE OF ANY RELEVANT CONFLICTS OF INTEREST.....</u>	<u>28</u>
<u>16. DISPUTE RESOLUTION</u>	<u>28</u>
<u>17. OFFER RESTRICTED TO AUSTRALIAN RESIDENTS.....</u>	<u>28</u>

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

This PDS is designed to provide you with important information regarding margin foreign exchange 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 Margin FX transaction

Margin FX transactions are over-the-counter ("OTC") derivatives. "Foreign exchange" generally refers to trading in foreign exchange products (currency) in the spot (cash) markets. Margin foreign exchange products can be differentiated from foreign currency as they allow the investor an opportunity to trade foreign exchange on a *margin*ed basis as opposed to paying for the full value of the currency. In other words, investors are required to lodge funds as security (initial margins) and to cover all net debit adverse market movement (variation margins) i.e. positions are monitored on a mark-to-market basis to account for any market movements. When clients are making a loss to an extent that they no longer meet the margin requirements they are required to "top up" their accounts or to "close out" their position.

Foreign exchange is essentially about exchanging one currency for another at an agreed rate. Accordingly, in every exchange rate quotation, there are two currencies. The exchange rate is the price of one currency (the "base" currency) *in terms of another* currency (the "terms" currency) such as the price of the Australian dollar in terms of the US dollar. For example, if the current exchange rate for the Australian dollar as against the US dollar is AUD/USD 0.7000, this means that one Australian dollar is equal to, or can be exchanged for, 70 US cents.

6. Nature of Margin FX contracts offered by Sonray

Sonray provides the following services:

- Execution only service for Margin FX contracts;
- Pre-transaction advice on Margin FX contracts;
- Advisory and dealing service for Non-Discretionary or Discretionary Accounts.

Sonray is authorised to buy and sell Margin FX contracts and to give advice in relation thereto. Margin FX contracts provided by Sonray are available in over 100 currencies. This means that all major currency pairs are available. However, some of the minor or more exotic currency pairs can not be traded with Sonray.

When dealing in margin FX contracts, Sonray is a market maker, not a broker, and accordingly will act as a principal, not as an agent, in respect of all transactions with you.

Sonray will regularly state, via its online trading platform, the price at which it is prepared to deal with you as principal. This is known as being a 'market maker'. Should you decide to transact with Sonray then Sonray will enter into a legally binding contract with you (as principal) i.e. it will be the counterparty to the transaction and each contract purchased (or sold) by you will be an individual agreement made between you and Sonray.

Sonray margin foreign exchange products do not result in the physical delivery of the currency but are cash adjusted or closed by the client taking an offsetting opposite position **i.e. there is not a physical exchange of one currency for another**. Positions will always be closed and the client's account will be either credited or debited according to the profit or loss of the trade (we refer you to section 8 of this PDS with regard to understanding realised versus unrealised profits and losses from transacting).

Our margin foreign exchange products are as follows:

Spot and Forward Contracts:

When dealing in foreign exchange and OTC markets, each transaction will be either a Spot contract or a Forward contract.

Spot Contract

A Spot transaction is a margin foreign exchange contract where the settlement date is within two business days after the date of entering the transaction. Please note that this settlement period will be impacted by public holidays in the relevant market.

Forward Contract

A forward contract is an agreement to buy or sell a specified amount of a commodity or financial instrument at a fixed price to be settled at some future date (ie greater than two (2) business days).

A forward contract (also referred to as a forward outright on our trading platform) offered by Sonray is a currency rate deal where the settlement date is later than two working days after the date of entering the transaction starting the day the deal is made until it ends. An open margin foreign exchange position for a forward date may be closed out or liquidated by the execution of an equal and opposite position. Accordingly, the deal ends in one of the following events:

1. Termination initiated by you.
2. The currency rate has reached the stop loss or profit target rate you specified or predefined.

We note that, at the settlement date, the forward contract will continue as a spot transaction with automatic rolling of the position until the position is closed by you.

The execution of an equal and opposite transaction will give rise to a "closed" forward position, namely a bought and a sold position for an identical amount of the commodity currency in the same terms currency for settlement on the same settlement date. Accordingly, upon settlement,

the amount payable on the settlement date will be the net value of the opening and the closing transaction in the terms currency. In this situation, initial margins for the positions will not be required as no positions will be open. However, we note that the profits from such transactions cannot be paid until the settlement date and that the losses (if any) must be fully covered by variation margins pending settlement.

Buying a foreign currency (either spot or forward) creates an asset. The position is said to be **long** the foreign currency. If the foreign currency appreciates, there will be an exchange gain. If the currency depreciates, there will be an exchange loss.

Selling a foreign currency (either spot or forward) creates a liability. The position is said to be **short** the foreign currency. If the foreign currency depreciates, there will be an exchange gain. If the currency appreciates, there will be an exchange loss.

Option Contracts:

Sonray offers options in a variety of currency crosses.

A buyer of an option acquires the right, but not the obligation, to buy or sell a specific amount of one currency for another at a predetermined price and date in the future. A “call” option is the right, without the obligation, to **buy** a currency. A “put” option is the right, without the obligation, to **sell** a currency.

In every foreign exchange transaction, one currency is purchased and another currency is sold. Consequently, every currency option is both a call and a put. For example: an option to buy USD against YEN is **both a USD call** (ie buy US dollars) and a YEN put (ie sell Yen).

There are always two (2) parties to an option contract – the buyer and the seller. The buyer of the option enjoys the right to exercise the option and the right not to exercise the option (i.e. to let it lapse). The seller (also known as the ‘writer’ or ‘grantor’) of the option has the obligation to deal at the contracted rate if the buyer elects to exercise the option. *Please note that the risk of the option buyer is limited to loss of the option premium paid, whilst an option seller has potentially unlimited risk.*

The client specifies the rate at which they want to purchase or sell the currency (“strike price” or “exercise price”) and they determine the period of time for the option to exist (“maturity” or “expiration date”).

The price of the option is known as the **option premium**. The buyer pays the premium to the seller as compensation for the risk involved in writing the option. The option premium is paid on the spot value from the date on which the option is contracted.

In other words, to facilitate the option deal, the buyer of the option (usually the client) is required to pay an amount (“premium”) to the seller (usually Sonray). Paying the premium allows the client to keep the option until its maturity date, or to sell it at any given point of time prior to its maturity. The seller of the option (usually Sonray) determines the price of the premium at which it is willing to grant the option, based on current rates, nominated delivery and expiry dates, the nominated strike rate and option style.

Clients can also sell options to Sonray, however this is NOT recommended unless you are a professional trader. Since the seller of the option has the obligation to deal at the contracted rate if the buyer elects to exercise the option, there is unlimited risk to the seller of the option.

We note that all option contracts must have a minimum expiry date being seven (7) days from execution date to a maximum period (expiry date) of six (6) months.

Options traded with Sonray are European options and thus, may only be exercised at the strike price at the expiration date which results in a cash adjustment between the strike price and the current market price as determined by Sonray. This is in contrast to American Options which are capable of exercise at the strike price at any time before the expiration date.

Each transaction agreed and entered into with a client will be entered into as principal. Sonray will be making a market in its products as it will regularly state the price at which it is prepared to deal with the client as principal.

When trading Sonray products you should be aware of the risks and benefits as detailed in this PDS. Examples of how Sonray Forward and Option contracts can be traded are provided in this PDS. Please note that the examples provided in this PDS are only provided for illustrative purposes and use figures which attempt to demonstrate how the relevant Sonray products work. Those figures do not necessarily reflect Sonray's or your personal circumstances and do not restrict in any manner the way in which Sonray may exercise its powers or discretions. Those examples do not constitute general or personal financial product advice to any person reading this PDS.

7. Purpose of Margin FX

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

Others trade Margin FX to **hedge** their exposures to the underlying currency. Foreign exchange exposures may arise from a number of different activities.

- Companies or individuals, that are dependent on overseas trade, are exposed to currency risk. This can be to purchase (or sell) physical commodities (such as machinery) or even financial products (such as investing in securities listed on an international stock exchange).
 - An exporter who sells its product priced in foreign currency has the risk that if the value of that foreign currency falls then the revenues in the exporter's home currency will be lower; or
 - An importer who buys goods priced in foreign currency has the risk that the foreign currency will appreciate thereby making the cost, in local currency terms, greater than expected.

- A person going on a holiday to another country has the risk that if that country's currency appreciates against their own, their trip will be more expensive.

In each of the above examples, the person or the company is exposed to currency risk.

Currency risk is the risk that arises from international business which may be adversely affected by fluctuations in exchange rates. Sonray offers its clients the facility to buy or sell foreign exchange products to manage this risk.

This enables clients to protect themselves against adverse currency swings, yet secure enhanced exchange rates when offered, thereby protecting the profit margin made by the corporate during the business transaction relating to the foreign currency trade or protecting the cost of the client's international holiday in the case of the traveller.

Note: 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 Margin FX contracts

You can take both "long" and "short" Margin FX positions. If you take a long position, you profit from a rise in the underlying currency price, and you lose if the underlying currency price falls. Conversely, if you take a short position, you profit from a fall in the underlying currency price, and lose if the underlying currency rises.

Sonray cannot predict future exchange rates and our rate quotations are not a forecast of where we believe foreign exchange rate will be at a future date. Sonray calculates foreign exchange rates taking into consideration the current spot "inter bank" exchange rates and the amount of currency that you wish to buy or sell.

The calculation of the price to be paid (or the payout to be received) for margin foreign exchange products offered by Sonray, at the time the contract is purchased or sold, will be based on our best estimate of market prices 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 will include a spread in favour of Sonray. The contract prices (or the payout amounts) offered to clients hedging, trading or speculating on market prices may differ from prices available in the primary or underlying markets where contracts are traded. This is due to the spread favouring Sonray in the price calculation. We act as a market maker and not a broker and make our earnings from the spreads that are embedded in the currency rates. Different spreads are used depending on the currency pair traded.

Sonray earns its income from the business spread (or margin) that we apply to our Margin FX products. This is the difference between the rate at which we buy and sell the financial instruments (i.e. between the wholesale price achieved by Sonray and your trade price). This spread is incorporated into the rates quoted to you and is not an additional charge or fee payable to you. These spreads will differ depending on the currency pairs traded. Accordingly, the decision to transact at a particular rate will always be the client's decision. However, once you agree to a particular exchange rate that is the total amount payable by you to Sonray.

Sonray does not provide a market amongst or between clients for investments or speculations. As stated above, each product purchased (or sold) by a client is an individual agreement made between that client and Sonray as a principal and is not transferable, negotiable or assignable to or with any third party.

Points

It is arbitrary how many significant figures are used in an exchange rate quotation. The last decimal place to which a particular exchange rate is usually quoted is referred to as a “point” or “pip”. For example:

- In the quotation USD 1=AUD 0.7250, one point or one pip means AUD 0.0001.
- In the quotation USD 1=JPY 102.50, one point or one pip means JPY 0.01.

Of note, all points (or pips) are **not** of equal value.

Calculating Profits and/or Losses

The profit or loss from a transaction is calculated by keeping the units of one of the currencies constant (the “base” currency) and determining the difference in the number of units of the other currency (the “terms” currency). The profit or loss will be expressed in the units of the currency which is not kept constant.

Realised and Unrealised Profits and Losses

Profits and/or losses are realised if both the buy and the sell side of the transaction are complete and have been matched against each other or closed out. Profits and/or losses are unrealised if only one side of the transaction has been completed.

In other words, if you do not instruct the system to match selected trades against previous trades then it will default to matching trades on a First In First Out (“FIFO”) basis. This will result in the transactions remaining open and only being matched at settlement date.

Please contact your Sonray representative to assist you in understanding the importance of and how to match and close out trades.

How are Sonray Margin FX products traded?

Sonray provides an online trading platform which enables clients to trade in our products i.e. clients are provided direct access to currency rates over the internet.

As stated in section 6 of this PDS, the margin foreign exchange products offered by Sonray are Spot, Forward and Option Contracts.

When you trade margin foreign exchange products you are normally quoted a spot price. This means that if you take no further steps, your trade will be automatically rolled after one business day unless you initiate an equal and opposite transaction to close the position. Alternatively, you may wish to swap the trade forward to a later date. This may be anywhere from a week up to several months depending on the time frame of the investment.

Although a forward trade is for a future date, the position can be closed out at any time - the closing part of the position is then swapped forward to the same future value date.

When you trade, you may trade a combination of two currencies. For example, you will buy US dollars and sell EURO. Or buy EURO and sell Japanese yen, or any other combination of widely traded currencies. But there is always a long (bought) and a short (sold) side to a trade, which means that you are speculating on the prospect of one of the currencies strengthening and one of them weakening.

When trading US dollars against Japanese yen, the normal way to trade is buying or selling a fixed amount of US dollars, i.e. USD1,000,000. When closing the position, the opposite trade is done, again USD1,000,000. The profit or loss will be apparent in the change of the amount of yen credited and debited for the two transactions. In other words, your profit or loss will be denominated in Japanese yen that are known as the price currency. As part of our service, Sonray will automatically exchange your profits and losses into your base currency if you require this [please refer to discussion regarding Conversion Fee in Section 14 of this PDS].

This way of trading is different to the exchange traded derivative markets (futures markets), for example, where the EURO and yen are the fixed trade currencies, resulting in a US dollar denominated profit or loss. You can, however, also choose to trade in this reciprocal manner in foreign exchange markets but it is not the norm.

Examples for Spot and Forward contracts

(i) Trading Scenario – Trading Rising Prices

If you believe that the Euro will strengthen against the dollar you'll want to buy Euro now and sell it back later at a higher price.	
You buy Euro	We quote EURUSD at bid 0.9875 and ask 0.9880, which means that you can sell say 100,000 Euro for 0.9875 USD or buy 100,000 Euro for 0.9880 USD. In this example you buy Euro 100,000 at the quote price of 0.9880 (ask price) per Euro.
Example 1: The market turns in your favour	Later the market turns in favour of the Euro and the EURUSD is now quoted at bid 0.9894 and ask 0.9899.
Now you want to sell your Euro and get the profit	You sell Euro at a price of 0.9894.
The profit is calculated as follows:	Sell price - buy price x size of trade (0.9894 minus 0.9880) multiplied by 100,000 = \$140 Profit (Note that the profit or loss is always expressed in the secondary currency)

Example 2: The market turns against you	Alternatively, let's assume the market turns against the Euro and the EURUSD is now quoted at bid 0.9865 and ask 0.9870.
Now you want to sell your Euro and realise the loss	You sell Euro at a price of 0.9865.
The loss is calculated as follows:	Sell price - buy price x size of trade (0.9865 minus 0.9880) multiplied by 100,000 = \$150 Loss (Note that the profit or loss is always expressed in the secondary currency)

(ii) Trading Scenario – Trading Falling Prices

If, on the other hand, you believe that the Euro will weaken against the dollar, you'll want to sell EURUSD.	
You sell Euro	We quote EURUSD at a bid price of 0.9875 and ask price of 0.9880 and you decide to sell Euro 100,000 at a price of 0.9875.
Example 1: The market moves in your favour	The Euro weakens against the dollar and the EURUSD is now quoted at bid 0.9744 and ask 0.9749.
Now you buy back your Euro	You buy EUR at a price of 0.9749.
Your Profit is then	Sell price-buy price x size of trade (0.9875 minus 0.9749) multiplied by 100,000 = \$1,260 Profit
Example 2: The market moves against you	The Euro strengthens against the dollar and the EURUSD is now quoted at bid 0.9990 and ask 0.9995.
Now you buy back your Euro	You buy EUR at a price of 0.9995.
Your Profit/loss is then	Sell price-buy price x size of trade (0.9875 minus 0.9995) multiplied by 100,000 = \$1,200 Loss

Remember that trading EUR 100,000 as we have done in our examples, does not mean that you have to put up Euro 100,000 yourself. It means that you have to deposit 1-4% of Euro 100,000, which is Euro 2-4,000 on margin as a guarantee for the future performance of your position.

Let's look at some more specific examples.

Example 1

You have a margin deposit with Sonray of USD100,000. You wish to speculate that the US dollar will rise against the Swiss franc and therefore decide to buy USD2,000,000.

Sonray quotes you 1.5515-20. You buy USD at 1.5520.

Day 1: Buy USD2,000,000 vs CHF 1.5520 = Sell CHF3,104,000.

Four days later, the dollar has actually risen to CHF1.5745 and you decide to take your profit. Upon your request, Sonray quotes you 1.5745-50. You sell at 1.5745.

Day 5: Sell USD2,000,000 vs CHF 1.5745 = Buy CHF3,149,000.

As the dollar side of the transaction involves a credit and a debit of USD2,000,000, your USD account will show no change. The CHF account will show a debit of CHF3,104,000 and a credit of CHF3,149,000. This example does not take into consideration the need (and impact on final profit) of rolling the position each day after Day 1.

This results in a profit of CHF45,000 = approx. USD28,600 = 28.6% profit on the deposit of USD100,000.

Example 2:

You follow the cross rate between the Euro and the Japanese yen. You believe that this market is headed for a fall. You ask Sonray for a quote in EUR1,000,000. Sonray quotes 112.05-10. You sell EUR at 112.05.

Day 1: Sell EUR1,000,000 vs JPY 112.05 = Buy JPY112,050,000.

You protect this position with a stop-loss order to buy back the euro at 112.60. Two days later, this stop is triggered as the euro strengthens short term in spite of your expectations.

Day 3: Buy EUR1,000,000 vs JPY 112.60 = Sell JPY112,600,000.

The EUR side involves a credit and a debit of EUR1,000,000. Therefore, the EUR account shows no change. The JPY account is credited JPY112.05m and debited JPY112.6m for a loss of JPY0.55m. This example does not take into consideration the need (and impact on final profit) of rolling the position each day after Day 1.

This results in a loss of JPY0.55m = approx.USD5,300 (USD/JPY 105) = 5.3% loss on the original deposit of USD100,000.

Examples for Option contracts

Example 1 – Buying a Put Option

With this example, you are expecting a fall in the dollar vs. the yen (USDJPY):

Buy USD Put / JPY Call
Strike price 133
Expiration 6 March 2005
Premium 70 JPY
Spot reference 133.8

In this example, you hold a USD put / JPY call option – or simply a USDJPY put. This gives you the right to **sell** USD (Put) and **buy** JPY (Call) at the price of 133.00. For this right, you are paying a premium of 70 JPY. Remember that when you are trading in currency pairs that you are always simultaneously buying/selling or selling/buying the two currencies. Therefore, currency options are simultaneously put/call options or vice versa.

In this scenario, the market price on the day you purchase the option is 133.80. When buying the option, you are speculating that the dollar will weaken significantly against the Yen and fall well under the 133 level in the coming days.

Let's say that, as you have anticipated, the option expires in the money (in this case, below the 133 strike price, meaning that the option has intrinsic value on expiration), due to a significant decline in the USDJPY spot rate. The spot rate on exercise date, 6 March 2005 is say, 130.75.

To realise your profits, you exercise your right to sell at the 133 strike price to the seller Sonray, or "writer" of the put option. Then you buy back USDJPY at the 130.75 market price to close the position and take the profit.

The profit scenario is then:

Strike price – closing spot price – premium i.e. $133.00 - 130.75 - 0.70 = \text{JPY } 1.55$ profit

If the spot rate was quoted above the strike price (133.00), the option would have been out of the money and you would have lost your premium, but your risk in this transaction was limited to the premium and nothing more. As you can see, you can make unlimited profit but the maximum loss is the premium paid. Because you paid the 70 JPY premium up front, your break-even point is not simply the strike price of 133, but the difference of the strike price minus the premium, or 132.30.

9. Key Benefits of Margin FX contracts

Margin foreign exchange products such as Forward contracts and Options provide an important risk management tool for those who manage foreign currency exposures. The significant benefits of using margin foreign exchange products as a risk management tool are to **protect your exchange rate and provide cash flow certainty**. Other benefits of using these products apply equally for a client as a risk management tool or for the client who is a trader or speculator and these are described below.

Protect an Exchange Rate

Sonray provides an online trading platform, enabling clients to trade in OTC derivatives such as Margin FX contracts over the internet. This facility provides clients with direct access to our system to enable them to buy and sell currency rates to protect themselves against adverse market swings.

Sonray also offers clients a way of managing volatility by using stop loss orders that enable clients to protect themselves against adverse market swings yet secure enhanced market rates when offered. Clients can eliminate downside risk by the use of stop loss orders if the exchange

rate reaches a particular level. In addition, clients may also use limit orders which allow clients the opportunity to benefit from favourable upside market movements.

Provide cash flow certainty:

By agreeing a rate now for a time in the future you will determine the exact cost of that currency, thereby giving certainty over the flow of funds. Any profit (or loss) you make using the Sonray product would be offset against the higher (or lower) price you physically have to pay for the foreign currency.

In addition to using margin foreign exchange products as a risk management tool, clients can benefit by using margin foreign exchange products offered by Sonray to speculate on changing exchange rate movements. You may take a view of a particular market or the markets in general and therefore invest in our products according to this belief in anticipation of making a profit.

The significant benefits of using margin foreign exchange products offered by Sonray as a trader or a speculator (and for the client seeking to use the Sonray product as a risk management tool) are as follows:

- **Trade in small amounts**

The Sonray system enables you to make transactions in small amounts. You can start using SonrayTrader even with an opening balance as little as AUD \$5,000. When trading in a Margin FX contract offered by Sonray you may deposit the sum that suits you, or the amount which is in line with the amount you are willing to risk. With Sonray you are in full control of your funds.

- **Access to the foreign exchange markets at any time**

When using Sonray you gain access to a highly advanced and multi-levelled system which is active and provides you with the opportunity to trade 24 hours a day on any global market which is open for trading. This gives you a unique opportunity to react instantly to breaking news that is affecting the markets. It should be noted however, that trading in the various currency crosses may be restricted to hours where liquidity is available for any given currency cross.

- **Profit potential in falling markets**

Since the market is constantly moving, there are always trading opportunities, whether a currency is strengthening or weakening in relation to another currency. When you trade currencies, they literally work against each other. If the EURUSD declines, for example, it is because the US dollar gets stronger against the Euro and vice versa. So, if you think the EURUSD will decline (that is, that the Euro will weaken versus the dollar), you would sell EUR now and then later you buy Euro back at a lower price and take your profits. The opposite trading scenario would occur if the EURUSD appreciates.

- **Superior liquidity**

The foreign exchange market is so liquid that there are always buyers and sellers to trade with. The liquidity of this market, particularly with respect to that of the major currencies, helps ensure price stability and low spreads. The liquidity comes mainly

from large and smaller banks that provide liquidity to investors, companies, institutions and other currency market players.

- **Competitive spreads, no commissions**

With Sonray you do not pay commissions for the trades you enter. Sonray acts as a market maker, not as a broker, and makes its earnings from the spreads that are embedded in the currency rates. When trading Spot and Forward transactions you may roll over your positions and then you pay a “roll over” (refer section 14 of this PDS and to our Client Agreement).

- **Real time streaming quotes**

The Sonray high-edge system uses the latest highly sophisticated technologies in order to offer you up-to-the-minute quotes. You may check your accounts and positions in real time and you may do so 24 hours a day on any global market which is open for trading and make a trade based on real-time information. Sonray believes it is highly important for you to be able to control your funds whenever you wish and base your deals on real-time information.

- **Full control over your account and positions**

With Sonray, you are able to control your costs and risks. At Sonray we believe your financial activities should be under your full control. We use the latest technologies in order to ensure your stop loss orders are filled. Sonray is committed to the principle that you never lose more than what you are prepared to lose. Please see our Terms and Conditions which are included in our Client Agreement.

10. Key Risks of Margin FX transactions

You should be aware that trading in Margin FX products involves a number of risks. It is important that you carefully consider whether trading these products is appropriate for you in light of your investment objectives, financial situation and needs.

The following is a description of the significant risks associated with trading Margin FX products:

Derivatives Risks Generally

Derivative markets can be highly volatile. Accordingly, the risk of loss in trading in derivatives contracts can be substantial. You should carefully consider whether our products are appropriate for you in light of your personal and financial circumstances. In deciding whether or not you will become involved in trading derivatives, you should be aware of the following matters:

- (a) You could sustain a total loss of the amount that you deposit with Sonray to establish or maintain a contract.
- (b) If the derivatives market moves against your position, you will be required to immediately deposit additional funds as additional margin in order to maintain your position i.e. to “top up” your account. Those additional funds may be substantial. If you

fail to provide those additional funds, Sonray may close your positions. You will also be liable for any shortfall resulting from that closure.

- (c) Under certain market conditions, it could become difficult or impossible for you to manage the risk of open positions by entering into opposite positions in another contract or close existing positions.
- (d) Under certain market conditions the prices of contracts may not maintain their usual relationship with the underlying foreign currency market.
- (e) The Margin FX products offered by Sonray involve risk. However, the placing of contingent orders such as a stop loss order will potentially limit your loss. A stop-loss order shall be executed at or near the exchange rate requested by the client but is not guaranteed at the exact level. Accordingly, stop-loss orders may not limit your losses to the exact amounts specified. A transaction of this nature shall be executed as soon as the exchange rate is identical to the order given by the client.
- (f) A “spread” position (i.e. the holding of a bought contract for one specified date and a sold contract for another specified date) is not necessarily less risky than a simple “long” (i.e. bought) or “short” (i.e. sold) position. Furthermore a “spread” may be larger at the time you close out the position than it was at the time you opened it.
- (g) A high degree of leverage is obtainable in trading Margin FX products because of the small margin requirements which can work against you as well as for you. The use of leverage can lead to large losses as well as large gains. The impact of leverage is that even a slight fluctuation in the market could mean substantial gains when these fluctuations are in your favour, but that could also mean considerable losses if the fluctuations are to your detriment.
- (h) If you propose to trade in options, the maximum loss in buying an option is limited to the amount of the premium paid by you as the option may expire without being exercised. On the other hand, selling options can result in unlimited losses and should only be performed by professional traders.
- (i) As Sonray is the market maker i.e. the issuer of the Margin FX products described in this PDS, you are exposed to the financial and business risks, including credit risk, associated in dealing with Sonray.
- (j) Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX contracts.
- (k) There are no cooling-off arrangements for Margin FX contracts. This means that when Sonray arranges for the execution of a Margin FX contract, you do not have the right to return the product, nor request a refund of the money paid to acquire the product.

Market Volatility

Foreign exchange currency markets are subject to many influences which may result in rapid currency fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility.

Given the potential levels of volatility in the foreign exchange markets, it is therefore recommended that you closely monitor your positions with Sonray at all times. Foreign exchange currency markets are highly volatile and are very difficult to predict. Due to such volatility, in

addition to the spread that Sonray adds to all calculations and quotes, **no such Margin FX product offered by Sonray, or any other financial services provider, may be considered as a safe trade.**

Under certain conditions it could become difficult or impossible for you to close a position. For example, this can happen when there is a significant change in prices over a short period. Lack of liquidity in foreign exchange markets due to extreme volatility or uncertainty of trading in those markets may also affect the ability of Sonray to open or close a position thereby reducing profits or increasing losses.

However, Sonray offers clients a way of managing volatility by working orders. Certain Margin FX products can be traded in conjunction with our limit and stop loss orders which are designed to either optimise your exposure to the market or limit your loss by instructing that trades be executed at pre-determined price levels. Stop losses are instructions placed by the client with Sonray to close out an open position if a market trades through a specific level. Stop loss orders are often used to attempt to limit the amount which can be lost on a position. We note that stop losses are not guaranteed and the execution of such orders will depend on market volatility and liquidity. The operation of these order types should be discussed with your Sonray representative. You should refer to our Client Agreement with respect to the operation of these order types.

You should be aware that if you acquire a Margin FX product offered for trading or speculative purposes (that is where you do not have a currency risk you need to protect yourself from), you will be fully exposed to movements in price between the currencies.

The risk of loss will be increased where you borrow to acquire the product as the total loss which may be incurred will be the loss on the Margin FX product together with the amount you borrowed.

Counterparty Risk

Given you are dealing with Sonray as counterparty to every transaction, you will have an exposure to us in relation to each transaction. This is common to all OTC financial market products.

You are reliant on Sonray's ability to meet its counterparty obligations to you to settle the relevant contract. Sonray may choose to limit this exposure by entering into opposite transactions as principal in the wholesale market in relation to its exposures with clients. In addition, Sonray must comply with the financial requirements imposed under its AFS Licence.

Foreign Exchange Risk

Your account is maintained in the currency you have nominated, that is, the base currency. Where you deal in a Margin FX product that is denominated in a currency other than the base currency, all initial and variation margins, option premiums, profits, losses, rollover fees, interest rate payments/receipts and financing credits and debits in relation to that product are calculated using the currency in which the product is denominated.

Accordingly, your profits or losses may be affected by fluctuations in the relevant foreign exchange rate between the time the order is placed and the time the position is closed, liquidated, offset or exercised.

Upon closing a position that is denominated in a currency other than the base currency of your account, you will be able to request that the foreign currency balance be converted to the base currency of your account. Any conversion will be at the exchange rate quoted by Sonray, and subject to the Conversion Fee (*please refer to Section 14 of this PDS*). Until the foreign currency balance is converted to the base currency, fluctuations in the relevant foreign exchange rate may affect the unrealised profit or loss made on the position.

Opportunity Cost

Once you have locked in your exchange rate you will not be able to take advantage of subsequent favourable exchange rate movements should that occur, in relation to your existing contract. On the other hand, you will be protected from any future adverse movements.

Market Information

Sonray may make available to you through one or more of its services, a broad range of financial information that is generated internally or obtained from agents, vendors or partners (“third party providers”). This includes, but is not limited to, financial market data, quotes, news, analyst opinions and research reports, graphs or data (Market Information”).

Market Information provided by us by email or through our website is not intended as advice. Sonray does not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. Sonray and its third party providers do not guarantee the accuracy, timeliness, completeness or correct sequencing of the Market Information or warrant any results from your use or reliance on the Market Information.

Market Information may quickly become unreliable for various reasons including, for example, changes in market conditions or economic circumstances. Neither Sonray nor the third party providers are obligated to update any information or opinions contained in any Market Information and we may discontinue offering Market Information at any time without notice.

Systems Risk

Sonray relies on a number of technology solutions to provide you with efficient foreign exchange services - Sonray has outsourced the operation of this trading platform to a third party, and in doing so Sonray relies upon this third party to ensure the systems are updated and maintained.

A disruption to the Sonray online trading platform may mean you are unable to trade in a margin foreign exchange product offered by Sonray when desired and you may suffer a loss as a result. An example of disruption includes the “crash” of our computer based trading system.

Use and Access to the Website

You shall be responsible for providing and maintaining the means by which to access the SonrayTrader platform, which may include without limitation a personal computer, modem and telephone or other access line.

While the internet and the World Wide Web are generally reliable, technical problems or other conditions may delay or prevent access thereto. If you are unable to access the internet and thus,

the Sonray trading platform, it will mean you may be unable to trade in a Margin FX product offered by Sonray when desired and you may suffer a loss as a result. Should the system be unavailable, clients may place their orders via telephone with a representative of Sonray.

Furthermore, in unforeseen and extreme market situations, Sonray reserves the right to suspend the operation of our online trading platform or any part or sections of it. In such an event, Sonray may, at its sole discretion (with or without notice), close out your open contracts at prices it considers fair and reasonable at such a time.

Sonray may impose volume limits on client accounts, at its sole discretion.

Out of the Money Options

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

A client contemplating purchasing a deep out-of-the-money option (i.e. an option with an exercise price significantly above, in the case of a call option, or significantly below, in the case of a put option, the current price) should be aware that the chance of such an option becoming profitable is generally remote.

You should also note that:

- When you buy a foreign exchange option you may lose the entire premium paid as the option may expire without being exercised by you in which case the options are worthless.
- When you sell foreign exchange options, although you receive the premium amount upfront, you are exposed to potential losses in the future in the event that the price of the underlying instrument moves against your position. Accordingly, you may only sell a foreign exchange options at our discretion and by paying sufficient margin to us to ensure that you have the necessary level of cover appropriate to the risk of your position, unless you are selling the foreign exchange options to close an existing position or the short foreign exchange options is covered by another long foreign exchange options.

Clients' Monies

Funds deposited with Sonray are deposited into our client trust account i.e. segregated from Sonray's money and held and invested in accordance with the Client Agreement and in accordance with the Corporations Act 2001. 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).

Risk Capital

In cases where you are speculating we suggest that you do not risk more capital than you can afford to lose. A good general rule is never to speculate with money which, if lost, would alter your standard of living.

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 Margin FX products would breach those borrowing and charging prohibitions;
- The purpose of dealing in Margin FX products 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 Margin FX products 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.

Other

Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX products.

11. Margins

Where you enter a transaction you will be required to pay an initial margin (an initial deposit/up front payment) 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.

All contracts will be subject to margin obligations. Accordingly, 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).

Positions will be monitored by Sonray on a mark to market basis to account for any market movements. If the value of the position moves against you then you will be required to “top up” the initial margin and, if so, you will be subject to a margin call i.e. to pay additional margin or alternatively to close the position in order to reduce your initial margin to a level acceptable to Sonray. The variation margin liability is incurred at the time of the occurrence of any movement in the market that results in an unrealised loss, regardless as to when the call to pay is made by Sonray on you.

Initial margin obligations will be as follows:

- In the case of Spot and Forward contracts, the initial margin immediately payable will be between 1 – 4% of the face value of the contract for major currency pairs; and 4-16% of the face value of the contract for exotic currency pairs.
- In the case of bought Option contracts, the initial margin immediately payable is the full amount of the premium value. In the case of sold Option contracts, the initial margin payable will be dependent upon the specific characteristics of the contract (eg strike price, volatility of underlying instrument, time to expiry).

You must be in a position to fund such requirements at all times. Initial and variation margin must be paid immediately after the call. The general policy of Sonray is that payment of the call must be received within 24 hours of the call although in times of extreme price volatility this may mean as little as 1 hour. In rare circumstances, the markets could move against your position giving Sonray no time to make a margin call on you to request additional funds for Sonray to protect its positions.

If you fail to meet any margin call ie if we fail to receive cleared funds, we may reduce or close all your open positions without further notice or in the rare circumstances where Sonray does not have time to make a margin call due to exceptional market movements, then Sonray may in its absolute discretion and without creating an obligation to do so, close out, without notice, all or some of your open positions (or transactions) and deduct the resulting realised loss from the initial margin (and other excess funds held in your account with Sonray).

In either case, any losses resulting from Sonray closing your position will be debited to your account and may require you to provide additional funds to Sonray.

Margin FX products can be highly volatile and you should ensure that you are always contactable by Sonray. If you are unable to be contacted for the purpose of Sonray making the call, we may close out your open positions without actually speaking to you.

Margin calls will be made on net account basis i.e. should you have several open positions, then margin calls are netted across the group of open transactions. In other words, the unrealised profits of one transaction can be used or applied as initial or variation margins or to offset the unrealised losses of another transaction.

You will only be allowed to deal in and maintain positions on the basis of cleared funds being provided for your margin obligations or your net balance is in credit. Margin calls can be made by Sonray at any time and you are responsible for ensuring that they are met.

Sonray has the right to limit the size of your open positions, whether on a net or gross basis under any appropriate circumstances as determined by Sonray. Sonray also has the right to

refuse any request made by you to place an order to establish a position at any time at Sonray's discretion without having to give you notice.

12. Documentation

Sonray will provide you with the requisite documentation to facilitate requested transactions. If you proceed with a Margin FX 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 Margin FX contracts. 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.

The Trading Platform

In addition to supporting our clients via more traditional telephone and voice based trading activities, Sonray brings the foreign exchange markets to our clients using a highly efficient, properly controlled on-line trading environment. Sonray enables its clients to trade margin foreign exchange products using a very sophisticated, highly secure, trading and information system, which operates over the internet. This platform is known as SonrayTrader and provides clients with real-time market prices and fully integrated user access and risk management controls.

Other than for very large transactions, transactions can be placed and/or executed automatically using the SonrayTrader platform. Clients seeking to execute a "large transaction" will need to "request a quote" from Sonray prior to execution of the order. This "request for a quote" is performed online. Should the system be unavailable, clients may place their orders via telephone with a representative of Sonray. We note that phone orders may incur an additional fee (other than for those large transactions whereby clients are requesting a quote).

Once an order is received, either electronically or via the telephone, Sonray will at or about the same time perform a "back to back" transactions (in its own name) with a Foreign Exchange Dealer (i.e. a regulated and licensed entity) to hedge its book so that it has no direct market exposure.

Confirmation of Transactions

Once you have entered an order into SonrayTrader, the system will automatically report the main elements of that order to you in a 'pop up' window. This is a "preliminary notification" and will enable you to print a confirmation of the primary data, including the quantity, price and the date and time the order was transmitted to Sonray.

We make special mention that the details contained in the 'pop up' window are not designed to

comply with Section 1017F of the Corporations Act, but rather as a quick reference point and for your convenience. Once an order has been executed you can obtain a comprehensive trade confirmation by accessing the "Trades Booked" statement online. This is an online report that you can access and print upon demand and highlights all of the particulars concerning the transaction in accordance with Section 1017F of the Corporations Act.

13. 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.

14. Costs, Fees & Charges

We charge a fee on each Margin FX contract executed on your behalf. Our rates vary depending on the type and level of service required, and the frequency and volume of transactions. The standard fee you will be charged per transaction varies between 1 and 10 basis points of the transaction amount.

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.

Margin requirements

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 margin amounts are payable into the Sonray client trust account and are held, used and withdrawn in accordance with the Corporations Act 2001 requirements and our agreed terms and conditions specified in the Client Agreement. In particular, Sonray may withdraw funds from the client trust account in order to secure trading facilities to enable it to provide the financial product to you.

The premium for an option at a particular time represents a consensus of the option's current value which is comprised of intrinsic value and time value. Intrinsic value is simply the difference between the spot price and the strike price. A put option will have intrinsic value only when the spot price is below the strike price. A call option will have intrinsic value only when the spot price is above the strike price. Time value is more complex. When the price of a call or put option is greater than its intrinsic value, it is because it has time value. Time value is determined by Sonray considering the following factors:

- the spot or underlying price;
- the expected volatility of the underlying currency;
- the exercise price;
- time to expiration; and
- the difference in the "risk-free" rate of interest that can be earned by the two currencies.

Time value falls toward zero as the maturity date or expiration date approaches.

Roll over fee

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.

Conversion fee

You will be charged a “conversion fee” when converting currencies to your Base Currency. This occurs each time there is a conversion from a Term Currency to your Base Currency. This is levied at the rate at which the transaction is executed plus or minus 0.5% (depending upon the currency).

For example, if you had a JPY profit of 87,000 this amount would be converted as follows

AUD/JPY	= 0.012413
Adjustment 0.50%	= 0.012413 x 0.50%
	= 0.000062065
Rate used to convert	= 0.012413 - 0.000062065
	= 0.01235094

For example, if you had a JPY loss of 87,000 this amount would be converted as follows

AUD/JPY	= 0.012413
Adjustment 0.50%	= 0.012413 x 0.50%
	= 0.000062065
Rate used to convert	= 0.012413 + 0.000062065
	= 0.01247506

For example, if your USD position is converted to AUD (your Base Currency) at 0.7275, then a fee of 0.5% will be levied, resulting in the currency being transacted at 0.7225.

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, 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.

Interest you may receive or pay when Margin FX contracts are “rolled over”.

Margin FX contracts that are “rolled over” (i.e. Spot or Forward contracts) will result in you paying or receiving interest at the rollover rate. The rollover rate is the interest rate differential between the two applicable currencies.

For example:

- if you have a long AUD/USD position (i.e. you have bought the Australian Dollar against i.e. sold the US Dollar) and interest rates are higher in Australia than in the USA then you receive interest at the rollover rate if you hold the position overnight and do not close it before the settlement time. This is because you are holding the higher yielding currency.
- However, if the USA interest rate is higher than the Australian interest rate and if you hold the position overnight and do not close it before the settlement time, then you will be required to pay interest at the rollover rate. This is because you are holding the lower yielding currency.
- There is also a financing cost that the client will receive or pay for the unrealised profit/loss attributed to the open position. This will be calculated by using the EOD (End of Day) profit/loss and the prevailing interest rate for the relevant currency pair.

The rollover rate will therefore vary depending upon:

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

You should note that the rollover rate (i.e. the interest that you pay or receive) is reflected in the price at which the open position is rolled forward i.e. it is included in the price (or rate at which the contract is rolled) and is not an additional cost.

15. 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.

16. 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

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17. Offer restricted to Australian residents

This PDS is not an offer or invitation in relation to Sonray's Margin FX 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.