Product Disclosure Statement

Margin Foreign Exchange

AND

Contracts for Difference

Issued 1st November 2018 by

KVB Kunlun Pty Ltd ACN 101 829 467 AFSL 226602

Please note: except where specified, this Product Disclosure Statement relates to BOTH Margin Foreign Exchange and Contracts for Difference transactions simultaneously.

Financial Services are provided, and this Product Disclosure Statement has been prepared and issued, by KVB Kunlun Pty Ltd ACN 101 829 467 AFSL 226602 (“KVB Kunlun”).

Please note that the information contained in this Product Disclosure Statement (“PDS”) does not constitute a recommendation, advice or opinion and does not take into account your individual objectives, financial situation, needs or circumstances. This is an important document and should be read in its entirety. Before entering into a Margin Foreign Exchange (“Margin FX”) or Contracts for Difference (“CFD”) transaction, you should obtain 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 or CFD 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 or CFD transaction.

KVB Kunlun does not guarantee the investment performance of Margin FX or CFD products nor the investment performance of the underlying markets or instruments. Past performance is no indication or guarantee of future performance.

All clients shall be bound by the contents of this PDS, the information in this PDS is current as at 1st November 2018, and may be updated from time to time where that information is not materially adverse to clients. Updated information shall be provided on our website www.kvbkunlun.com. KVB Kunlun may issue a supplementary or replacement PDS as a result of certain changes, which shall be available on our website or shall be distributed in electronic form as required.

This PDS does not constitute an offer or invitation in any place outside Australia where or to any person to whom it would be unlawful to make such an offer or invitation. The distribution of this PDS (electronically or otherwise) in any jurisdiction outside Australia may be restricted by law and persons who come into possession of this PDS should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable law.

If you received this PDS electronically, we can provide a paper copy free of charge upon request. For information regarding our full range of products and services, please read our Financial Services Guide (“FSG”) and visit our website. If you have any queries regarding this PDS, please contact KVB Kunlun.

Warning Margin FX and CFD products are considered speculative products which are highly leveraged and carry significantly greater risks than non-geared investments, such as shares. You should not invest in Margin FX or CFD products unless you properly understand the nature of Margin FX or CFD products, and are comfortable with the attendant risks. You should obtain financial, legal, taxation and other professional advice prior to entering into a Margin FX or CFD transaction to ensure this is appropriate for your objectives, needs and circumstances.

1. PURPOSE AND CONTENTS OF THIS PRODUCT DISCLOSURE STATEMENT (“PDS”)

This PDS is designed to provide you with important information regarding Margin Foreign Exchange (Margin FX) and Contracts for Difference (CFD) transactions 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.

Defined terms used in this PDS are defined in the Glossary in section 26 or elsewhere in this PDS. If you would like further information, please ask us. Further detail about our services is available on our website www.kvbkunlun.com

2. NAME & CONTACT DETAILS OF ISSUER/SERVICE PROVIDER

The Issuer/Service Provider is KVB Kunlun Pty Ltd ACN 101 829 467 (“KVB Kunlun”).

KVB Kunlun holds an AFSL Number 226602 and, amongst other things, is authorised to provide general and/or personal financial product advice and deal in foreign exchange contracts and derivatives, and to make a market in foreign exchange contracts and derivatives to retail and wholesale clients.

You can contact our office by any of the means listed below:

Writing to us at:	Level 33, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000
Calling us:	(612) 8263-0188
Sending us a fax:	(612) 8263-0189
Sending an email to:	info@kvbkunlun.com
Visiting our website:	www.kvbkunlun.com

3. TERMS & CONDITIONS

Information provided to you in our FSG and PDS is important and is binding on you. Additional legal terms governing our relationship are detailed in the Account Application Terms & Conditions. You must complete, sign and return the Application (either online, electronically, fax or by post), and have your account approved by KVB Kunlun. KVB Kunlun reserves the right to refuse to open a Margin FX or CFD account for any person.

KVB Kunlun accepts Margin FX and CFD transaction order instructions primarily via the electronic trading platform but may also accept order instructions via telephone if agreed. You are required to access the electronic trading platform on a daily basis to confirm that any order instructions have in fact been received by us, reconfirm all orders that you place with us, review order confirmations we provide, to ensure their accuracy and monitor your Margin obligations. Any order discrepancies identified must be reported to us immediately.

KVB Kunlun will provide all clients, via the electronic trading platform or the website, with access to both daily and historical account statements allowing you to check your open positions, Margin requirements and cash balances, and trading confirmations. Should you have any queries relating to your statements we encourage you to contact us.

KVB Kunlun does not guarantee the performance, return of capital from, or any particular rate of return, of a Margin FX or CFD product or transaction. Clients may lose more than the amount of funds in their Margin FX or CFD account, and should only invest risk capital (that is, capital you can afford to lose). Please note that the historical financial performance of any Margin FX or CFD or underlying instrument/market is no guarantee or indicator of future performance.

Please note that the examples provided in this PDS are only provided for illustrative purposes only and do not necessarily reflect current or future market or product movements, the values that KVB Kunlun will apply to a trade, nor how such trades impact your personal circumstances. The figures used in the examples do not necessarily reflect your personal circumstances and do not restrict in any manner the way in which KVB Kunlun may exercise its powers or discretions. Those examples do not constitute general or personal financial product advice to any person reading this PDS.

4. MARGIN FX AND CFD SUMMARY TABLE

The following summary table is provided for ease of reference. However, please ensure that you read this PDS in its entirety.

Item	Summary	PDS Section reference
Who is the issuer of this PDS and the products?	KVB Kunlun Pty Ltd	**2**
What is Margin FX?	Margin FX is an over-the-counter derivative product which enables traders to leverage a small margin deposit for a much greater market effect in relation to currencies. A foreign exchange contract involves the exchange of one currency for another. Margin FX differs from spot and forward foreign exchange trading in that they are legally classified as derivatives rather than foreign exchange contracts, and are cash settled (i.e. no physical delivery is available). Margin FX trading generally involves taking forward positions in a foreign currency and instead of those contracts being settled by exchange of the relevant currencies, the positions are “closed out”. Closing out involves entering into equal and opposite position with us, which generates a profit or loss on the transaction, which is then settled between us. The resulting profit or loss of the trade is the net result of the difference between the opening and closing exchange rates of each transaction, adjusted for transaction costs.	**7**
What is CFD?	A Contract for Difference (CFD) is a contract under which the parties agree to exchange the cash difference between the opening value and the closing value of the contract. The CFDs we offer are over-the-counter financial products that give the holder exposure to price movements of an Underlying Instrument. Like other derivatives, CFDs allow investors to participate in the returns from movements in an Underlying Instrument, without the need to own that Underlying Instrument. CFDs allow you to make a profit or loss from the fluctuation in the Underlying Instrument and the amount of any profit or loss on a CFD Trade will be the total of the difference between the opening value of the CFD (Quantity x Our Price) and the closing value of the CFD (Quantity x Our Price); less any Commission, and Daily Financing Fee you incur and are required to pay to us in respect of the CFD.	**9**

Item	Summary	PDS Section reference
What fees and charges are payable in respect of a Margin FX and CFD contracts?	The price/rate quoted to clients for derivative contracts also includes a spread in favour of KVB Kunlun, through which our profit is generated. The prices/rates quoted to clients may differ from prices available in the primary or underlying markets. Accordingly, due to the spread applied between the offer and bid price, if the underlying value of the contract does not move between purchase and sale, you will make a loss to the extent of KVB Kunlun's spread. However you may incur the following fees and charges: • Financing charges – where positions are held open overnight, interest may be paid or payable thereon; • Refer to section 14 of this PDS for a detailed list of Fees & Charges. Telephone Fees – unless the trading platform is unavailable, a small fee for telephone service may be levied. If applicable, this will be disclosed to you prior to trading. • Third Party fees – you will be liable for any fees charged for related services by third party providers, such as fees for access to certain information and services.	**14**
How do I open a Margin FX or CFD account?	Prior to transacting in Margin FX or CFDs, you must read and understand our FSG, this PDS and the Account Application Terms & Conditions (which will be provided to you by KVB Kunlun) detailing the applicable terms and conditions. You must complete, sign and return the Account Application Terms & Conditions and have your account approved by KVB Kunlun. KVB Kunlun reserves the right to refuse to open an account for any person.	**3 , 18 and 20**
How do I place a Margin FX or CFD transaction order with KVB Kunlun?	KVB Kunlun accepts Margin FX and CFD order transaction instructions electronically, via our on-line trading platform. CFD positions can be opened by either buying or selling a CFD, depending on whether you require a Long or Short position. CFD positions can be closed by taking the equal or opposite position to the open CFD position. That is, purchase a Long CFD to close a Short position, or sell a Short CFD to close a Long position.	**3 and 18**
What is Margin?	Your Initial Margin is the amount KVB Kunlun debits from your account as soon as you open a new Margin FX or CFD position or place an order to open a new Margin FX or CFD position. This acts as collateral or a security buffer and protects us in the event of a default by you. Typically we will require an Initial Margin calculated as a percentage of the contract value. The Variation Margin is the unrealised profit or loss on your open position. This is the difference between the value of the product when it was bought or sold and its current market price. Should your position move in your favour we may refund part or all of the Variation Margin to you. If you do not meet a Margin Call in a timely manner or within the time frame specified in the Margin Call, positions will be reduced or closed out by KVB Kunlun without further reference to you in accordance with the terms of the Application Terms & Conditions. A Margin Call will not be considered to have been met unless and until cleared funds have been received in the nominated account and KVB Kunlun has updated the trading platform.	**15 and 18**

Item	Summary	PDS Section reference
How are payments made in and out of your account?	You may transfer funds to us using mainly any of the following methods: Bank transfer; or Online payment facility *In no circumstances does KVB Kunlun accept cash deposits.* You will only be able to withdraw moneys available to you after your Margin obligations have been met. All transfers from KVB Kunlun to you will be made to the bank account in your name nominated in your Application Terms & Conditions. KVB Kunlun does not make payments to third parties.	**3 and 18**
Do I pay or receive any financing charges?	In the event of you holding a Margin FX or CFD position overnight (either long or short) you may be required to pay a financing charge or maybe entitled to receive an interest payment, depending on underlying interest rate differentials of the applicable currencies. If you hold a short CFD position overnight you will be entitled to receive interest. Interest is calculated daily and posted to your account at the end of each day. Interest calculations are based on the total notional value of your open position, and are calculated at LIBOR or LIBID plus or minus a margin or otherwise in accordance with industry standard. Please check our website for further detail of current rates.	**14**
What are the key risks of Margin FX and CFDs transactions?	Investment in Margin FX or CFD products carries a high level of risk and returns are volatile. You should only ever trade with risk capital ie money you can afford to lose, and should obtain independent professional advice to carefully consider whether these products are appropriate for you in light of your knowledge, experience and financial needs and circumstances. Some of the key significant risks involved in Margin FX and/or CFD trading include (and should be read in detail at section 13 herein): • Credit Risk • Operational Risk • External Market forces • Currency Risk • Loss of Margin • Gapping • Variation Margins • Leverage • Liquidity • Online trading platform risk • Stop loss orders unavailable • Powers of KVB Kunlun • Reliance on third parties • Regulatory Risk	**13**
What are the tax implications of Margin FX trading?	Margin FX and CFD transactions may have tax implications. The taxation consequences of trading in Margin FX and CFDs can be complex and will differ for each individual's financial circumstances. We recommend that you obtain independent taxation and accounting advice in relation to the impact of Margin FX and CFDs transactions on your particular financial situation.	**22**

Item	Summary	PDS Section reference
KVB Kunlun's powers in the event of default	KVB Kunlun has extensive powers under the terms of the Application Terms & Conditions to take action in response to a range of default events. KVB Kunlun may terminate your account, and close out all or any of your Margin FX or CFD positions, including cancelling any outstanding orders.	**3 and 20**
How do I obtain further information?	**You can contact our office as per contact details in this PDS.**	**2**

5. ASIC REGULATORY GUIDE 227 DISCLOSURE BENCHMARKS

ASIC Regulatory Guide 227 requires Margin FX and CFD issuers to publish certain information addressing a range of disclosure benchmarks. These benchmarks are required to be addressed on an 'if not, why not' basis, and are intended to assist retail investors to properly understand the complexity and risks of trading in OTC derivative products, particularly with regard to leverage.

There are seven disclosure benchmarks required to be addressed, all of which we are of the view, have been met by KVB Kunlun. KVB Kunlun's compliance with each benchmark is addressed in the following table:

Benchmark description	How does KVB Kunlun meet this benchmark?	Relevant sections of the PDS which provide further relevant information
Client qualification	KVB Kunlun maintains and applies a written policy which sets out the minimum qualification criteria that prospective retail investors will need to demonstrate before we will open a trading account for you. KVB Kunlun also maintains a written policy/procedure to ensure such criteria are properly applied, and unsuitable investors are not accepted. We also maintain records of our assessments. Please note that we do not provide personal advice regarding the suitability of trading in these products for your personal financial circumstances and objectives. However, KVB Kunlun does not accept retail investors unless they are able to satisfactorily answer a suitability questionnaire, which addresses the following criteria: - Previous trading experience in financial products - Understanding of leverage, margins and volatility - Understanding of the key features of the product - Understanding the trading process and relevant technology - Ability to monitor and manage the risks of trading - Understanding that only risk capital should be traded During the registration process, new clients will be required to answer a series of questions designed to assess their knowledge, experience and understanding of OTC derivative products. A KVB Kunlun representative may contact you with further follow-up questions, or we may offer you our demo account to further your experience, in our sole discretion if we consider this appropriate.	3,6,7,9 and 20

Opening collateral	KVB Kunlun only permits clients to open an account and trade with cleared funds (i.e. transfer of cleared funds from your banking account to your trading account). Use of credit cards to open accounts or trade is not permitted. No other financial products will be accepted as collateral to open a trading account, although we may accept such as collateral to meet subsequent Margin Calls in special agreed circumstances. KVB Kunlun will only act on funds that have cleared, so we recommend that you maintain sufficient Margin in your account at all times to maintain your open positions.	3, 18
Counterparty risk – hedging	KVB Kunlun maintains and applies a written policy to manage our exposure to market risk from client positions. This includes strict risk management controls to monitor and manage (hedge) our trading exposures on an intraday basis, and includes a process for assessing our hedging counterparties (to ensure they are of sufficient financial standing, are licensed by a comparable regulator, and are of sound reputation). A summary of our policy, which notes our current approved hedging counterparties, is available on our website (and may be updated from time to time as counterparties change).	13
Counterparty risk – financial resources	KVB Kunlun maintains and applies a written policy to ensure the ongoing maintenance of adequate financial resources. We further maintain a detailed Risk Register, in which the key risks of our business are addressed and reviewed. Please note that we have processes in place to ensure we monitor our compliance with our licence conditions and ASIC RG 166 (financial) obligations, as well as obtain a review and input from our independent external legal and accounting advisers. Further, our external independent auditor conducts an audit at the conclusion of every financial year, a copy of which can be provided to you upon written request. Please contact us in writing at the address/email provided herein, should you wish to obtain a free-of-charge copy of our latest audited financial statements which may assist in your assessment of credit risk. We undertake stress testing on a daily basis to ensure that in the event of significant adverse market movements, we hold sufficient liquid funds to meet our obligations.	13
Client money	KVB Kunlun maintains and applies a clear policy with regard to the use of client money. Any money that you deposit with us, including your net running profits, will be held separately from our money, in a segregated client funds account, on trust, and held and dealt with in accordance with the Governing Legislation and the Customer Agreement. As permitted under Governing Legislation, your money may be co-mingled with our other customers' money, which is also held on trust. It is important to note that holding your money in one or more segregated accounts may not afford you absolute protection.	21

	We may invest money held on trust in accordance with the 'Client Money' term contained in the Customer Agreement and will retain any interest earned on segregated money that is held by KVB Kunlun. We will not be liable for the solvency or any act or omission of any bank holding the on trust accounts. We do not use client money for the purpose of meeting obligations incurred by us when hedging with other counterparties. Any obligations incurred by us in connection with such transactions are funded by us from our own money. In addition, client money is not used to meet the trading obligations of other customers. KVB Kunlun enters into arrangements with third party execution and clearing providers for the facilitation of transactions and settlements, and avails monies received for margin calls and settlements to such providers for this purpose. Accordingly, clients are indirectly exposed to the financial risks of our counterparties and organisations with whom KVB Kunlun holds client funds. If the financial condition of KVB Kunlun or assets of our counterparties or the parties with which we hold client assets deteriorate, then clients could suffer loss because the return of the client capital could become difficult. Client trades can only be placed when there are cleared funds in the client's account. Accordingly, no scenario is anticipated which would result in a shortfall in the client trust account, necessitating the use of one client's money to cover the obligations of another client.	
Client money Suspended or halted underlying assets	An underlying financial product may be placed in a trading halt on the relevant exchange in various circumstances. Additionally, it may be suspended or delisted in certain circumstances. KVB Kunlun may, in its absolute discretion, cancel your order in respect of a CFD transaction which has not yet been opened, or close any open CFD, where the underlying financial product is the subject of a trading halt, suspension or delisting. When you place an order for a CFD or Margin FX contract with us, it is likely that we will place a corresponding order to purchase or sell the relevant product to hedge our market risk. KVB Kunlun has the discretion as to when and if it will accept an order. Without limiting this discretion, it is likely that we will elect not to accept an order in circumstances where our corresponding order cannot be filled. Accordingly, KVB Kunlun may at any time determine, in our absolute discretion, that we will not permit the entry into CFDs or Margin FX transactions over one or more underlying instruments, securities or currencies.	3 and 20
Margin calls	KVB Kunlun maintains and applies a written policy detailing our margining practices. This details how we monitor client accounts to ensure you receive as much notice as possible regarding margin calls, our rights regarding the levying of margin calls and closing out of positions when such calls are not met in a timely manner, and what factors we consider when exercising such close-out rights. All open positions are monitored on a real-time basis intraday, to ensure changing margin requirements are identified in a timely manner.	13, 15 and 18

	KVB Kunlun seeks to provide you with timely and sufficient notice of margin calls, to facilitate your ability to meet them. However, please note that certain market conditions or events may trigger extreme volatility, requiring urgent funds to be applied to retain your open positions. Please note that all margin calls will be communicated to you via the trading platform and it is your obligation to ensure you are always available to receive and action such margin calls when you have open positions with us. However, we reserve our full rights to immediately close positions in relation to which margin calls have not been met, in order to protect against exposure to further losses in the positions. We reiterate that trading in CFD and Margin FX products carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and you can incur losses in excess of the capital you have invested. Accordingly, you should only trade with risk capital ie money you can afford to lose, and which is excess to your financial needs/obligations.	

6. NATURE OF ADVICE/RELATIONSHIP

KVB Kunlun is authorised to buy and sell Margin FX and CFD contracts (both of which are Over-The-Counter Derivatives) and to give general advice in relation to those products. The information contained in this PDS is general advice only, and does not take into account your particular financial objectives, needs and circumstances. In the absence of our express written agreement to the contrary, we only provide general advice and we neither collect, nor take into consideration, information regarding your financial circumstances and needs, and we recommend that you obtain your own professional advice to ensure you fully understand the nature and risks of these products and determine their suitability for your situation.

An Over-The-Counter Derivative is a contract between you and KVB Kunlun, which means both parties act as principals to the transaction and have a direct credit exposure to each other. You do not trade through an Exchange and are not afforded the protections normally associated with exchange-traded derivatives, such as guarantee arrangements.

You must carefully consider whether Margin FX and CFDs are appropriate for you in light of your financial circumstances, experience and investment objectives. In making this decision you should be aware you could both gain and lose large amounts of money. You risk losing money because:

- You could lose all the margin funds you deposit with KVB Kunlun to establish or maintain a position. In addition, you could lose further amounts as explained below.
- If the market moves against your position, or your position is rolled over into a new contract with a differing value you may be required, at short notice, to deposit with KVB Kunlun further money as margin in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time your position may be closed. You will be liable for any shortfall in your Account resulting from the closure.
- You could lose all monies deposited with KVB Kunlun, and in addition, be required to pay us further funds representing losses and other fees on your open and closed positions. For example, although you may only invest $1,000 in a CFD position, if the market moves against you, you could lose the full value of the CFD position. Under certain conditions, it could become difficult or impossible for you to liquidate or close a CFD position. For example, this can happen when there is significant change in prices over a short period.

7. MARGIN FX CONTRACTS OFFERED BY KVB KUNLUN

Please note: this section applies to Margin FX ONLY

Margin FX contracts provided by KVB Kunlun are available in over 30 pairs of currencies (or the number otherwise updated on our website from time to time). This means that all major currency pairs are available. However, some of the minor or more exotic currency pairs cannot be traded with KVB Kunlun. Please check our website for up-to-date information regarding which currency pairs are currently available.

KVB Kunlun's Margin FX 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**. Margin FX products are derivatives, not foreign exchange contracts. 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.

8. PURPOSE OF TRADING MARGIN FX CONTRACTS

Please note: this section applies to Margin FX ONLY

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 currency. 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. KVB Kunlun 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.

Please refer to Section 16 for worked examples.

9. CFD CONTRACTS OFFERED BY KVB KUNLUN

Please note: this section applies to CFD's ONLY

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 (profit), or has to pay an amount of money (loss), resulting from movements in the price or value of an underlying instrument or security (without actually owning that underlying instrument or security). This transaction concludes with the parties settling the difference between the purchase price and the sale price.

During the term of the CFD transaction, the price of the underlying product will be marked-to-market daily so that at the end of each Business Day, a payment will generally have to be made by you to KVB Kunlun or by KVB Kunlun to you, to reflect any changes in the value of the underlying product during that Business Day.

Please refer to Section 17 for worked examples.

KVB Kunlun offers CFDs in relation to Indices and Commodities.

Commodity CFDs

KVB Kunlun offers a range of CFDs in respect of commodities. Available commodity CFDs are listed on the trading platform. Commodity CFDs allow you to speculate on the price of a commodity, or hedge an exposure, without physically owning it. The difference between the opening and closing price of a CFD is settled in cash. At no stage do you take delivery of the underlying commodity. In order to open a CFD position an Initial Margin must be provided as collateral.

Index CFDs

KVB Kunlun offers CFDs in respect of a range of Indices, thereby allowing you to take positions in relation to the overall direction of a market without taking a view on a particular underlying stock or future. A short position can be used as a rough hedge to protect a diversified share portfolio in the event of a market fall. Please refer to the website for the range of index CFDs currently available.

The difference between the opening and closing price of a CFD is settled in cash. At no stage do you take delivery of the underlying product.

10. PURPOSE OF TRADING CFD CONTRACTS

Please note: this section applies to CFD's ONLY

People who trade in CFD 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. For example, CFD traders may be short-term investors who are looking to profit from intra-day and overnight market movements in the underlying instrument. CFD traders may have no need to sell or purchase the underlying instrument themselves, but may instead be looking to profit from market movements in the instrument concerned.

Others trade CFD to **hedge** their exposures to the underlying instrument.

11. MARGIN FX AND CFD PRODUCT FEATURES

KVB Kunlun Trading as Principal

KVB Kunlun will regularly state, via the electronic trading platform, the price at which it is prepared to deal with you as principal. This is known as being a 'market maker'. When dealing in Margin FX and CFDs, as with all over-the-counter derivatives, KVB Kunlun is the issuer and a market maker, not a broker. Accordingly, each transaction agreed and entered into with you will be entered into as principal, not as agent. Should you decide to transact with KVB Kunlun then KVB Kunlun 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 KVB Kunlun.

Long & Short Positions

You can open both long and short Margin FX and CFD positions with KVB Kunlun. Should you open a long position, your intention would be to profit from a rise in the price of the underlying instrument, and you would suffer a loss should the price of the underlying instrument fall. Conversely, should you open a short position, your intention would be to profit from a fall in the price of the underlying instrument, and you would suffer a loss should the price of the underlying instrument rise.

In order to close an open long or short position, you would open an equivalent offsetting position. The closure of a position will generally result in a profit or loss being realised in your account. Should you wish to close only part of your open long or short position you can do so by entering into an equivalent offsetting position of a lesser amount than your current open position.

Many Margin FX and CFDs do not have an expiry date. They remain open until they are closed in accordance with the terms of the Application Terms & Conditions. A Margin FX or CFD position can only be closed by contacting KVB Kunlun. To close a Margin FX or CFD position, you must access the electronic trading platform to determine the current market price for the underlying instrument, with the view to close the position (or part of it). KVB Kunlun will confirm the current market price and you will then decide whether to accept the price, and if so, you will instruct KVB Kunlun to close your open position in accordance with your instructions.

You should note that KVB Kunlun is not obliged to accept your orders. Typically, this would occur should you exceed the limits imposed on your account by KVB Kunlun, or where there are insufficient funds in your account to meet your Margin obligations.

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

The rates quoted for a Margin FX or CFD by KVB Kunlun include a spread which usually favours KVB Kunlun. This spread is not an additional charge or fee payable by you. These spreads will differ depending on the Margin FX and CFDs traded.

When trading KVB Kunlun products you should always be aware of the risks and benefits as detailed in this PDS.

Electronic Platform

KVB Kunlun provides an electronic trading platform which enables clients to trade in our products i.e. clients are provided direct access to Margin FX and CFD rates over the internet. The terms of use applicable to utilising our electronic trading platform, are detailed in the Account Application Terms & Conditions you are required to execute prior to trading. Some of the key provisions include the following:

- KVB Kunlun reserves the right, in its sole discretion, to institute or change any policies at any time relating to the use of our electronic trading platform. Any such changes will be advised to you directly via our electronic trading platform, email or our website.
- Clients are granted a non-exclusive and non-transferable licence to use the electronic trading platform subject to the terms of the Application Terms & Conditions.
- Clients shall only use our electronic trading platform for its internal business or investment purposes.
- Clients shall not permit any third party to copy, use, modify, disassemble, translate or convert in connection with use of our electronic trading platform or distribute the platform to any third party.
- Our electronic trading platform may be used to transmit, receive and confirm the execution of orders, subject to market conditions and applicable rules and regulations.
- KVB Kunlun consents to the Client's access and use in reliance upon the Client having adopted procedures to prevent unauthorised access to and use of the electronic trading platform, in any event, the Client agrees to any financial liability for trades executed through the electronic trading platform.
- Where a Client is granted access to the electronic trading platform, the Client acknowledges and warrants that it has received a password granting it access to the electronic trading platform; is the sole owner of the password provided; and accepts full responsibility for any transaction that may occur on an account opened, held or accessed through the use of the password provided to the Client by KVB Kunlun.
- Clients agree to accept full responsibility for the use of the electronic trading platform and for any orders transmitted through the electronic trading platform. KVB Kunlun must be notified immediately should a Client become aware of any unauthorised use, loss or theft of the Client's, username, password or account numbers; or inaccurate information with respect to the content of statements including, cash balances, open positions or transaction history.
- The electronic trading platform is provided on an "as–is" basis and KVB Kunlun makes no express or implied representations or warranties to the Client regarding its operation or usability.
- KVB Kunlun does not warrant that access to or use of the electronic trading platform will be uninterrupted or error-free, or that the service will meet any particular criteria with respect to its performance or quality nor do we make any warranty as to the timeliness, sequence, accuracy, completeness, reliability or content of any information, service or transaction provided through the use of the electronic trading platform or the results obtained from its use. KVB Kunlun expressly disclaims all implied warranties, including without limitation warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security or accuracy.
- Under no circumstances, including negligence, will KVB Kunlun be liable for any direct, indirect, incidental, special or consequential damages including, without limitation, business interruption or loss of profits that may result from the use of, unavailability of, or inability to use the electronic trading platform.
- Clients agree that the use of the electronic trading platform is at the Client's risk and the Client assumes full responsibility for any losses resulting from the use of or materials obtained via the electronic trading platform.
- Please note that stop-outs (automatic closing of a position when Margin Calls have not been met) are implemented on our electronic trading platform at the sole discretion of KVB Kunlun, and no liability for the direct or indirect consequences thereof shall be accepted by KVB Kunlun in relation thereto.

12. KEY BENEFITS OF TRADING MARGIN FX AND CFD CONTRACTS

Margin FX and CFD products can provide an important risk management tools for those who manage foreign currency exposures. The significant benefits of using Margin FX or CFD products as risk management tools 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. The benefits of trading Margin FX and CFD contracts are described in the table below.

Benefit	Explanation	Margin FX	CFDs
Protect an Exchange Rate	KVB Kunlun provides an electronic trading platform, enabling clients to trade in over-the-counter (as opposed to exchange-traded) derivatives such as Margin FX or CFD 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. KVB Kunlun 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 KVB Kunlun product would be offset against the higher (or lower) price you physically have to pay for the foreign currency. In addition to using Margin FX products as a risk management tool, clients can benefit by using Margin FX products offered by KVB Kunlun 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.	✓	×
Leverage	Margin FX and CFDs are leveraged investments and trading instruments. While leverage can magnify losses, it can also magnify profits. Leverage allows Clients to take larger exposures, to more markets, than cash investors using the same capital base. Leverage also means that Clients can employ more investment and trading strategies than 'long only' investors. These include trading 'pairs', trading across asset classes, going short and taking exposures around short term events.	✓	✓
Trade in Small Amounts	The electronic trading platform enables you to make transactions in small amounts. You can start using the electronic trading platform even with an opening balance as little as USD $500 for either Margin FX and CFDs. When trading in a Margin FX or CFD contract offered by KVB Kunlun you may deposit the sum that suits you, or the amount which is in line with the amount you are willing to risk. With KVB Kunlun you are in full control of your funds.	✓	✓
Access to the Foreign Exchange Markets at Any Time	When using KVB Kunlun 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 AUDUSD declines, for example, it is because the US dollar gets stronger against the AUD and vice versa. So, if you think the AUDUSD will decline (that is, that the AUD will weaken versus the dollar), you would sell AUD now and then later you buy AUD back at a lower price and take your profits. The opposite trading scenario would occur if the AUDUSD appreciates. Traditional securities and other financial investment products only deliver benefits in rising or stable markets. CFDs provide a simple and effective means to take advantage of falling markets.	✓	✓
Hedging	CFDs and Margin FX contracts can be used to hedge investments, and reduce existing market risk. Clients can hedge directly, on a portfolio basis, or to cover specific risks of investments.	✓	✓
Lower Costs	Generally, CFD exposures come at lower transaction costs than the same exposure taken in the Underlying Instruments. Clients pay no KVB Kunlun fees to open or maintain a trading account.	×	✓
Real Time Streaming Quotes	The electronic trading platform 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 (in most circumstances) on any global market which is open for trading and make a trade based on real-time information. KVB Kunlun 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.	✓	✓

13. KEY RISKS OF TRADING MARGIN FX AND CFD CONTRACTS

Trading in Margin FX and CFD products carries a high level of risk and returns are volatile. The risk of loss in trading can be substantial, and you can lose more than the capital invested. You should obtain independent professional advice and carefully consider whether Margin FX or CFD products are appropriate for you in light of your knowledge, experience and investment objectives, financial needs and circumstances.

It is also important that you read and understand the terms and conditions of trading in the Application Terms & Conditions and this PDS before entering into any Margin FX or CFD transactions.

Some of the key significant risks involved in Margin FX and CFD trading include, but are not limited to, the following:

Macro-economic Risk – the general state of the Australian and international economies as well as changes in taxation policy, monetary policy, interest rates and statutory requirements are some of the factors which may influence the progress of currency markets.

Market Risk- This is the risk that the markets move in a direction not anticipated**.** External market forces can cause markets and prices to change quickly, such forces include changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the marketplace. As the price of your position is based on an underlying asset these factors may affect your position and our ability to execute, settle or close out transactions on your behalf.

Gapping -In fast moving or illiquid markets "gapping" may occur. Gapping occurs when market prices do not follow a "smooth" or continuous trend and are typically caused by external factors such as world, political, economic and corporate related events. Should gapping occur in the underlying asset on which your product is based, you may not be able to close out your position or open a new position at the price at which you have placed your order. Further, in instances of "gapping" any conditional orders opened on your account will be filled at the next best available price which may be substantially different from the price selected when entering your conditional order.

Variation Margins - Should the price of the underlying asset on which your product is based move against you, you may receive a Margin Call from us and, at short notice, be required to deposit a Variation Margin into your account in order to maintain your position. Should we make a Margin Call which may be substantial, you must deposit the amount of funds that we request into your account immediately. In the event of you failing to make Margin payments we may reduce or close all your open positions without further notice and you will be liable for any shortfall. Positions are marked-to-market on a daily basis, with payments being settled daily to account for market movements. 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 KVB Kunlun 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 KVB Kunlun no time to make a Margin Call on you to request additional funds for KVB Kunlun to protect its positions.

Leverage – As these products are highly leveraged a small price movement in the underlying asset on which they are based can result in substantial profits or losses exceeding your Initial Margin. In addition, you could be required to pay further funds representing losses and other fees on your open and closed positions. The prices of our products may be volatile and fluctuate rapidly over wide ranges. Price fluctuations may be as a result of uncontrollable events or changes in a variety of conditions as described above in Market Risk.

Below is a hypothetical example of how gearing (leverage) magnifies losses/profits (without taking into account fees & charges):

	Commodity purchase amount;	CFD purchase amount;
Initial outlay	$10,000	$10,000 (as initial margin)
Reference commodities purchased	1000	10,000
Initial price	$10.00	$10.00
value	$10,000	$100,000
gearing	0%	90%
Result where commodity price falls	Commodity price falls to $8.75. Commodities now worth $8,750 (i.e. loss of $1,250 or -12.5%)	Commodity price falls to $8.75. CFDs now worth $87,500 (i.e. loss of $12,500 or -125% on original outlay of $10,000)
Result where commodity price rises	Commodities now worth $11,000 (i.e. profit of $1,000 or +10%)	CFDs now worth $110,000 (i.e. profit of $10,000 or +100% on original outlay of $10,000)

Liquidity – Under certain conditions, it may be difficult or impossible to close out a position. This can occur when there is significant change in the price of the underlying currency over a short period of time.

Stop Loss Orders unavailable - Certain 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 KVB Kunlun 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. So whilst stop losses generally allow you to control potential losses should the market move against you, please be aware that stop loss orders may not always limit your losses the way you anticipate. The operation of these order types should be discussed with your KVB Kunlun representative.

Powers of KVB Kunlun – Should you fail to pay any amounts due and payable, including Margin Calls, or maintenance of minimum account balances, KVB Kunlun have extensive powers to close out positions and charge default interest. Under the Application Terms & Conditions you also indemnify KVB Kunlun and its employees, agents and representatives against certain losses and liabilities. You should read the Application Terms & Conditions carefully to ensure you understand these powers and responsibilities.

Electronic Trading platform risk– You shall be responsible for providing and maintaining the means by which to access the electronic trading 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 electronic trading platform, it will mean you may be unable to trade in a product offered by KVB Kunlun 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 KVB Kunlun. Furthermore, in unforeseen and extreme market situations, such as an event like September 11, or a global catastrophe, KVB Kunlun reserves the right to suspend the operation of the electronic trading platform or any part or sections of it. In such an event, KVB Kunlun 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. KVB Kunlun may impose volume limits on client accounts, at its sole discretion. Please note that such measures would only be implemented in extreme market conditions, and such discretion only reasonably exercised in the best interests of the client.

Regulatory Risk– changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have a material adverse effect on your dealings in Margin FX or CFDs, as may any regulatory action taken against KVB Kunlun.

KVB Kunlun Risk - the risk of KVB Kunlun being unable to operate its business as a result of a regulatory impediment such as KVB Kunlun ceasing to hold an Australian Financial Services Licence or because ASIC impose a stop order on the PDS issued by KVB Kunlun or KVB Kunlun ceasing to exist.

No cooling off- There are no cooling-off arrangements for Margin FX or CFD contracts. This means that when KVB Kunlun arranges for the execution of a Margin FX or CFD 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- Markets are subject to many influences which may result in rapid fluctuations and reflect unforeseen events or changes in conditions with the inevitable consequence being market volatility. Given the potential levels of volatility in certain markets, it is therefore recommended that you closely monitor your positions with KVB Kunlun at all times. Certain markets are highly volatile and are very difficult to predict. Due to such volatility, in addition to the spread that KVB Kunlun adds to all calculations and quotes, **no Margin FX or CFD product offered by** KVB Kunlun**, or any other financial services provider, may be considered as a safe trade.**

However, KVB Kunlun offers clients a way of managing volatility by working orders. Certain 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 KVB Kunlun 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 KVB Kunlun representative. You should refer to our Application Terms & Conditions with respect to the operation of these order types.

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 KVB Kunlun to open or close a position thereby reducing profits or increasing losses.

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.

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

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 product together with the amount you borrowed.

Counterparty Credit risk- Margin FX and CFD contracts are not traded on a regulated exchange. Investors must deal directly with KVB Kunlun to open and close positions. Given you are dealing with KVB Kunlun 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.

The obligations of KVB Kunlun to make payments in respect of the contracts are unsecured obligations of KVB Kunlun, which means that you are subject to our credit risk. If we were to become insolvent, we may be unable to meet our obligations to you.

KVB Kunlun enters into arrangements with third party execution and clearing providers for the facilitation of transactions and settlements, and avails monies received for margin calls and settlements to such providers for this purpose. Accordingly, clients are indirectly exposed to the financial risks of our counterparties and organisations with whom KVB Kunlun holds client funds. If the financial condition of KVB Kunlun or assets of our counterparties or the parties with which we hold client assets deteriorate, then clients could suffer loss because the return of the client capital could become difficult.

You are reliant on KVB Kunlun’s ability to meet its counterparty obligations to you to settle the relevant contract. KVB Kunlun 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, KVB Kunlun 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 product that is denominated in a currency other than the Base currency, all Initial and Variation Margins, profits, losses, 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 KVB Kunlun, and subject to the Conversion Fee. 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.

Market Information Risk– KVB Kunlun 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. KVB Kunlun does not endorse or approve the Market Information and we make it available to you only as a service for your own convenience. KVB Kunlun 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 KVB Kunlun 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.

Operational Risk– Operational Risk is inherent in every transaction, for example, disruption to KVB Kunlun's operational processes such as communications, computers, networks or external events may lead to delays in the execution of or settlement of a transaction.

KVB Kunlun relies on a number of technology solutions to provide you with efficient services – KVB Kunlun has partly outsourced the operation of this trading platform to a third party and in doing so KVB Kunlun relies upon this third party to ensure the systems are updated and maintained.

A disruption to the KVB Kunlun electronic trading platform may mean you are unable to trade in a product offered by KVB Kunlun when desired and you may suffer a loss as a result. An example of disruption includes the "crash" of our computer based trading system.

Risk Capital– You could lose all of the Initial Margin that you deposit to establish or maintain a position. All derivatives involve risk and there is no trading strategy that can eliminate it. The placing of contingent orders (such as a stop-loss order) may not always limit your losses to the amounts that you may want. Market conditions may make it impossible to execute such orders. 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, and associated regulations and regulatory guidance material.

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

- Restrictions on borrowing and charging assets and whether dealing in over-the-counter derivative products would breach those borrowing and charging restrictions;
- The purpose of dealing in over-the-counter derivative 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 over-the-counter derivative 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.

Investment decisions – You are solely responsible for the selection of the underlying asset for any orders you place with us, and as such, the performance of any investment in Margin FX or CFDs using your trading account will depend mainly on your own investment decisions.

Adjustment Risk (CFDs) – Where an adjustment event occurs, KVB Kunlun reserves the right to adjust the terms of your CFD or order, OR not make the adjustment to the relevant CFD if it is not reasonably practicable. KVB Kunlun may also elect to close your CFD position in the event of the underlying securities being subject of a take-over offer, prior to the closing date of the offer.

Error and Pricing – Where errors have occurred in price quotes provided by, or the pricing of transactions quoted by KVB Kunlun to the Client, KVB Kunlun reserves the right to not be bound by such a quote or transaction where KVB Kunlun is able to substantiate to the Client that there was a material error at the time of the quote or transaction. Where this occurs in relation to the initial purchase of a financial product, KVB Kunlun will not issue (or if already issued will cancel) the contract and refund the Client's money accordingly. Where this occurs in relation to a price quote for an existing position, KVB Kunlun will re-issue the price quote accordingly.

14. FEES & CHARGES

Most of our fees are instead generated from the spread between the buy and sell price for the Margin FX/CFD – which is the difference between the price we pay and the price at which we're willing to enter into the trade with you. The spread differs depending on which underlying asset the Margin FX/CFD relates to. You may also incur third party bank withdrawal or interest rate fees which KVB must collect and then pass on to the relevant service provider.

Details of spreads and other fees and costs are set out in the following table:

Type of fee or charge	Amount / how it is calculated	When it is payable
Buy-sell spread The differential between our bid to buy and offer to sell	For currency pairs – up to 3% of the value of the currency pair For commodities – up to 3% of the value of the commodities For indices – up to 3% of the value of the position. - in normal market conditions The actual spread will depend on the prices available at the relevant time, and will be determined when you enter into the position. The spread will increase the cost to you of entering into the position.	When the position is entered into.
Swap costs The swap cost is a cost incurred when a position is held open overnight. The swap cost is dependent upon the prevailing interest rate differential on the currencies or commodities bought or sold.	Swap interest rates are determined by our counterparties and are available on KVB's trading platform, ForexStar (available at http://www.kvbkunlun.com/en). The swap rate applicable is by reference to the dominant currency - that is the first in the presentation of the offer or, in the case of Commodities, our prevailing funding rate.	When the relevant position is maintained overnight
Withdrawal fee The fee on each amount you take out of your investment/account	KVB Kunlun does not charge any withdrawal fee. However, the correspondent bank may charge around USD15.00 (or equivalent) for non-local currency payments. An intermediary bank may also impose a charge to a beneficiary account.	If charged by the bank, at the time the funds are transferred or received (as applicable).

Account maintenance fee	USD5 (or equivalent) per week may be charged to accounts which remain inactive for more than three months with balances of USD50 or less (or equivalent).	Each week.
Adviser Service Fee The fee charged by your adviser for providing advice in relation to ForexStar	As agreed between you and your adviser.	At the time agreed with your adviser.

For interest earned on client funds held on trust (segregated accounts), we reserve the right to retain any interest earned and it will not be paid to the benefit of client accounts.

In addition, where any amount owed to us by a client under a CSA is overdue, we may charge default interest on the net amount owing in their account at the rate of 5% per annum above the overdraft rate charged by our bankers, or at a rate agreed in writing between us and the client, and that interest will accrue on a daily basis from the date when the amount was due (irrespective of any grace period) to the date of its final payment in full.

The calculation of the price to be paid (or the payout to be received) for CFD or Margin FX products offered by KVB Kunlun, 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 KVB Kunlun. 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 KVB Kunlun 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.

KVB Kunlun earns its income from the business spread (or margin) that we apply to our 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 KVB Kunlun and your trade price). This spread is incorporated into the rates quoted to you and is not an additional charge or fee payable by you. These spreads will differ depending on the contracts traded. Accordingly, the decision to transact at a particular rate will always be your decision. However, once you agree to a particular price that is the total amount payable by you to KVB Kunlun.

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

You will also be liable for fees for related services that may be charged directly by our nominated third-party service providers depending upon the type of service you utilise. These fees include fees for failed trades, off-market transfers, other administrative fees including monthly fees for access to certain information and services.

Any such fees incurred are immediately payable and will be deducted from your account in accordance with the Application Terms & Conditions.

Inactivity Fee

USD5 (or equivalent) per week may be charged to accounts which remain inactive for more than three months with balances of USD50 or less (or equivalent).

Telephone Fee

KVB Kunlun may charge a small fee for telephone service (unless the trading platform is unavailable). This fee will be disclosed to you prior to trading.

Financing Charges

CFDs

In the event of you holding a long CFD position overnight you may be required to pay a financing charge at an interest rate. If you hold a short CFD position overnight, you may be entitled to receive interest. Interest is calculated and debited from or credited to your account on a daily basis. No interest is paid or received if you open and close a position in the same trading day.

Interest calculations are based on the total notional value of your open position, and are calculated using the LIBOR (London Interbank Offer Rate) or LIBID (London Interbank Bid Rate) plus or minus a margin, or otherwise in accordance with the industry standard. The LIBOR rate changes frequently and is the most widely used benchmark or reference rate for short term interest rates world-wide. LIBOR is calculated daily by the British Bankers Association and published on their website with a 1 week rolling delay. Please check our website for further detail of current rates.

The amount of interest paid/received by KVB Kunlun will vary each day, depending upon factors such as the closing price of the underlying asset on which the product is based, changes to holdings within your portfolio and/or changes to LIBOR or LIBID.

No interest is paid or received if you open and close a position in the same trading day.

KVB Kunlun may in its absolute discretion reduce the financing rates applicable to your long and short positions depending on your trading volume or account balance. KVB Kunlun reserves the right to change the financing rates applicable. In the event thereof, you will receive proper notification of such change, and a revised PDS if required.

Margin FX

In the event of you holding a Margin FX position overnight you may be required to pay a financing charge or maybe entitled to receive an interest payment, depending on underlying interest rate differentials of the applicable currencies. Interest is calculated on a daily basis and debited from and/or credited to your account at the end of each trading day.

The amount of interest paid/received by KVB Kunlun will vary each day, depending upon factors such as the price of the underlying currency interest rate differentials on which the Margin FX transaction is based.

No interest is paid or received if you open and close a position in the same trading day.

15. MARGINS

Where you enter a transaction you will be required to pay an initial margin (an initial deposit/up-front payment). An initial margin means an amount of collateral that is required from you as security to enter into a margin position. Typically, we will require an Initial Margin calculated as a percentage of the contract value. The Initial Margin will vary depending on the type of product you trade and is determined at KVB Kunlun's discretion mostly by the liquidity of the underlying asset on which the product is based. It is typically 0.5-25% of the contract value but may be as high as 100% depending on the volatility of the relevant market and the liquidity of the underlying asset.

In addition, in order to maintain your position, you 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 KVB Kunlun to cover our risk and as security for your obligations. The amount is determined by the relevant third party service provider, however KVB Kunlun in its absolute discretion, can impose margin requirements above and beyond those set by service providers.

The current margin rates applicable to each type of transaction are provided on the electronic trading platform prior to entering into a trade.

The Margin amounts are payable into the KVB Kunlun client trust account and are held, used and withdrawn in accordance with the Corporations Act requirements and our agreed terms and conditions specified in the Account Application Terms & Conditions. In particular, KVB Kunlun will utilise client deposits to meet margin calls, and other payment/settlement obligations.

All contracts will be subject to Margin obligations. Accordingly, you are responsible for meeting all margin payments required by KVB Kunlun. It is your sole responsibility to monitor and manage your open positions and exposures, and ensure Margin Calls are met as required. Margin Calls will be notified via the trading platform, and you are required to log-in to the system on a daily basis when you have open positions to ensure you receive notification of any such Margin Calls. Please note that if you 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 KVB Kunlun, without further reference to you, in accordance with the executed Account Application Terms & Conditions. A Margin Call will not be considered to have been met UNLESS AND UNTIL cleared funds have been received by KVB Kunlun in the nominated account.

Positions will be monitored by KVB Kunlun on a continuous 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 you are unable to do 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 KVB Kunlun. 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 KVB Kunlun on you.

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 KVB Kunlun is that payment of the Margin 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 KVB Kunlun no time to make a Margin Call on you to request additional funds for KVB Kunlun to protect its positions.

If you fail to meet any Margin Call i.e. 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 KVB Kunlun does not have time to make a Margin Call due to exceptional market movements, then KVB Kunlun 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 KVB Kunlun).

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

CFD and Margin FX products can be highly volatile and you should ensure that you are always contactable by KVB Kunlun. If you are unable to be contacted for the purpose of KVB Kunlun making a Margin 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 KVB Kunlun at any time and you are responsible for ensuring that they are met.

KVB Kunlun 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 KVB Kunlun. KVB Kunlun also has the right to refuse any request made by you to place an order to establish a position at any time at KVB Kunlun’s discretion without having to give you notice.

16. MARGIN FX TRADING EXAMPLES

Please note: this section applies to Margin FX Contracts ONLY

Example 1: Making a profit

Adam believes the Euro will strengthen against the US dollar. He therefore buys one lot (goes long), of EUR/USD at the price of 1.3000. Because the lot size for currencies is 100,000 of the base currency, this means that he has bought EUR 100,000 of EUR/USD. During that time EUR/USD has increased to 1.3150. This means that when he closes the position at that higher price, he will make a gross profit of:

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position.	EUR 100,000 x (1.3150 - 1.3000)
Gross Profit	= EUR 1,500.00

Example 2: Making a loss

If the Euro had weakened against the US dollar instead of strengthening, Adam would have made a loss on his position. For example, if he had made the same trade (buying EUR 100,000 of EUR/USD at 1.3000), but the Euro drops against the US dollar and the position is closed at EUR/USD 1.2950, he would have made a gross loss of:

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position.	= EUR 100,000 x (1.3000 - 1.2950)
Gross Loss	= EUR 500.00

17. CFD TRADING EXAMPLES

Please note: this section applies to CFDsONLY

Example 1: Making a profit

Adam believes the price of Australia 200 stock index will rise. He therefore buys one lot (goes long), of AUSSIE200 at the price of 5,780. Because each index point of AUSSIE200 is worth AUD25, this means that he has bought 1 contract of AUSSIE200 with value of AUD 144,500 (AUD 25 X price = 25 x 5,780). During that time AUSSIE200 has increased to 5,800. This means that when he closes the position at that higher price, he will make a gross profit of:

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position.	= AUD 25 x 1 x (5,800-5,780)
Gross Profit	= AUD 500

Example 2: Making a loss

If Australia 200 stock index had dropped instead of risen, Adam would have made a loss on his position. For example, if he had made the same trade (buy one lot of AUSSIE200 at the price of 5,780, but the AUSSIE200 drops and the position is closed at 5790, he would have made a gross loss of:

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position.	= AUD 25 x 1 x (5,800-5,790)
Gross Loss	= AUD 250

18. FUNDING YOUR ACCOUNT

You may transfer funds to us via wire/bank transfer.

In no circumstances do we accept cash deposits.

When transferring funds to KVB Kunlun you must ensure that the funds are appropriately referenced with your account number to enable us to easily identify your funds and apply them to your account promptly. All payments made to KVB Kunlun must be free of any withholding tax or deduction.

KVB Kunlun will only act on funds that have cleared, so we recommend that you maintain sufficient Margin in your account at all times to maintain your open positions.

KVB Kunlun does not accept funds transferred from third parties, so it is your obligation to ensure that all funds transferred to us are from the bank account in your name you have nominated in your Application. We may, in our absolute discretion, without creating an obligation to do so, return any funds transfer or cheque received from a third party back to the account from which it was transferred.

KVB Kunlun will not accept any liability or responsibility for any losses that you may suffer as a result of, or arising out of, or in connection with, us returning any transfer of moneys or cheque from a third party, including any losses incurred by you because you are subsequently in default of your obligations under the Account Application Terms & Conditions.

19. STOP LOSS ORDERS

A Stop-loss order is an order placed to limit the loss on an open position, and can be used on for both FX and CFD contracts. Stop-loss orders must be placed a minimum distance from KVB Kunlun's current bid and offer prices. The minimum distance for a stop loss order for each will be advised to you upon request.

A stop order can be seen as a “resting” market order. The order will become active when the price specified as the strike price in the stop order has been traded in the market. The stop order will then be converted into a market order. The stop order becomes a market order when the stop price is equal to last traded price in the underlying stock market. The process of the fill will be precisely as described under the order type.

A stop-loss order can be placed on the online trading platform. Two forms of stop-loss order are available currently, namely, a stop-loss order at a set price; and a trailing stop-loss order which enables you to link a stop-order at a set distance to the market. As the market moves away from the stop-order’s strike price, the strike price will be adjusted in the steps defined when the order was placed. In case the market move towards the stop orders strike price the order will remain at the initial level with the initial strike price.

KVB Kunlun will execute a Stop-loss order once the following conditions are met:

- KVB Kunlun 's offer price has reached the order price in the case of a buy order or KVB Kunlun's bid price has reached the order price in the case of a sell order and;
- The relevant underlying market has traded at or through the level at which the order is placed, in sufficient size that KVB Kunlun could have replicated the order.
- KVB Kunlun will not execute stop loss orders based on crossings or special trades that have gone through the underlying market. If the relevant underlying market, and therefore our CFD price, gaps through the stop level then the order will be executed at the next available price at which the order could have reasonably been executed.

As the markets are constantly moving 24 hours a day, you are able to place a 'stop loss' on all open positions. Whilst this allows you to control potential losses should the market move against you, in most circumstances, stop loss orders may not always limit your losses the way you anticipate. There are no guarantees in relation to stop-loss orders, and due to the speed at which prices can move, they may be effected at a different price (known as slippage) or not at all.

There are no additional fees or charges associated with the placement of stop-loss orders (only the disclosed commission regarding the executed transaction if the order is triggered)

Adam believes the Euro will strengthen against the US dollar. He therefore buys one lot (goes long), of EUR/USD at the price of 1.3000. Adam places a stop loss order at price of 1.2970. If the Euro had weakened against the US dollar instead of strengthening, Adam would have made a loss on his position. However, the position is closed at stop loss price of 1.2970.

For example, if he had made the same trade (buying EUR 100,000 of EUR/USD at 1.3000), but the Euro drops against the US dollar and the position is closed at EUR/USD 1.2950, he would have made a greater loss.

Profit/Loss calculation This is the size of the position multiplied by the difference between the price when Adam entered the position and the price when he exited the position at stop loss price.	= EUR 100,000 x (1.3000 - 1.2970)
Gross Loss	= EUR 300.00

However, should the market gap straight through Stop Order, this position would be closed at the next available level that KVB Kunlun considers representative, fair and reasonable.

In this example, if EUR/USD gap straight through the stop order level of 1.2970 and the position is closed at 1.2960 that KVB Kunlun considers representative, fair and reasonable. Adam would have made a gross loss of:

Profit/Loss calculation When the market gap straight through Stop Order, then this is the size of the position multiplied by the difference between the price when Adam entered the position and the price at the next available level that KVB Kunlun considers representative, fair and reasonable.	= EUR 100,000 x (1.3000 - 1.2960)
Gross Loss	= EUR 400.00

20. APPLICATION TERMS & CONDITIONS

In order to open an account, you are required to sign our Application Terms & Conditions. This is an important legal document containing the terms and conditions which govern our relationship with you. It is provided to you separately by KVB Kunlun.

We recommend that you consider seeking independent legal advice before entering into the Application Terms & Conditions, as the terms and conditions detailed therein are important and affect your dealings with us.

We note the following key terms in the Account Application Terms & Conditions, some of which have been summarised throughout this PDS:

- Client acknowledgements regarding knowledge and suitability of Margin FX and CFD products;
- Client representations and warranties;
- Client account operating details;
- Margin FX and CFD trading requirements;
- Margin requirements and KVB Kunlun's rights in respect thereof;
- Client obligations regarding confirmations (discrepancies);
- Process for closing out a trade, and KVB Kunlun's rights in relation to price calculation;
- Interest payable/receivable on open positions;
- Requirements regarding the appointment of authorised persons by the client;
- Default events;
- KVB Kunlun rights following a default event;
- Amendment and termination rights;
- Client Indemnity in favour of KVB Kunlun
- KVB Kunlun's limitation of liability;
- Fees and charges;
- Restrictions on assignment of agreement;
- Telephone recordings;
- Provision of general advice;
- Governing law (NSW); and
- Electronic trading platform conditions/process.

21. CLIENT MONIES

All money deposited into your account by you or a by person acting on your behalf, or which is received by KVB Kunlun on your behalf, will be held by KVB Kunlun in one or more segregated accounts it must maintain pursuant to the Corporations Act. Please note that individual client accounts are not separated from each other, but may be co-mingled into one segregated account (which is separate to KVB Kunlun's monies/assets). It is important to note that holding your money in one or more segregated accounts may not afford you absolute protection.

KVB Kunlun does not use client money for the purpose of meeting obligations incurred by us when hedging with our licensed third party clearing and execution providers. Any obligations incurred by us in connection with such transactions are funded from our own money. In addition client money is not used to meet the trading obligations of other customers.

KVB Kunlun does not accept payments from or make payments to any third parties. In accordance with Australian anti-money laundering regulations, KVB Kunlun reports, where necessary, any suspect transactions to AUSTRAC.

KVB Kunlun is entitled to retain all interest earned on client moneys held in segregated accounts with a bank or approved deposit-taking institution. The rate of interest earned by KVB Kunlun on this account is determined by the provider of the deposit facility.

22. TAXATION

22.1 Introduction

If you trade in Margin FX or CFDs, you may be subject to Australian taxation. This section outlines general information about significant Australian income tax and GST implication of trading derivatives.

The information contained in this section is of a general nature only and is not intended to constitute legal or taxation advice and should not be relied upon as such. The taxation implications of your transactions will depend on your own individual circumstances and KVB Kunlun recommends that you obtain independent professional taxation advice on the full range of taxation implications applicable to your own personal facts and circumstances.

Taxation laws are complex in nature and their interpretation and administration may change over the term of your transacting. We will not advise you of any changes in taxation laws should they occur. You must take full responsibility for the taxation implications arising from your own transacting, and any changes in those taxation implications during the course of your transacting.

The information provided below is for Australian resident investors only and is based on interpretation of taxation laws in Australia current as at the date of this PDS. If you are not an Australian resident, you should consult a taxation advisor in your own jurisdiction to determine the tax consequences of transacting in derivatives.

The information in this section is based on the assumption that you will hold derivatives on revenue account. This means that you will be carrying on a business of trading or transacting these financial products, and/or you will enter into them for the purpose of making profits. We have not considered the taxation position if you enter into derivatives for the purposes of hedging risks associated with other securities or underlying assets held by you on capital account.

The availability of tax deductions or losses incurred as a result of transacting in derivatives to offset current and future year income will depend on your personal circumstances and you will need to seek advice from your tax advisor in this regard.

22.2 Tax Consequences of Transacting in Margin FX Contracts and CFDs

The ATO has not issued any specific Tax Ruling or Determination in respect of Margin FX. However, they are similar in nature to CFDs in that they are both derivatives which provide the investor with exposure to price movements in underlying assets traded on markets, without directly investing in those underlying assets.

The taxation of CFDs is set out in ATO Tax Ruling TR 2005/15. TR2005/15 therefore may provide some guidance on the taxation treatment of Margin FX. Under TR2005/15, if you enter into a contract exposing you to future price movements in markets in the ordinary course of your business or for profit-making purposes, it is likely that any profit derived or loss incurred by you will be included in, or allowed as a deduction from, your assessable income. Tax Ruling IT2228 sets out a similar ATO view of profits or losses from trading in futures contracts.

Any profit or loss arising in respect of a Margin FX or CFD transaction should be included in your assessable income (or allowed as a deduction) at the time the profit or loss is 'realised' for tax purposes. Realisation will generally occur at the time the position is closed our (on expiry or sale).

Ordinarily, derivative transactions would be entered into for a profit making purpose. However, where a derivative is not entered into for a profit making purpose, the ATO may consider the transaction as an unusual form of recreational gambling. Proceeds from gambling are generally not subject to tax unless you are carrying on a business of gambling. In the ATO's view, 'gambling' refers to activities involving primarily chance which have a recreational or sporting character, and not the more technical legal meaning of wagering or the more popular meaning or mere risk taking. Ultimately, the nature of the proceeds an investor derives from transacting in derivatives will depend upon the particular circumstances of the investor.

22.3 Capital Gains Tax

Margin FX positions and CFDs may constitute a capital gains tax (CGT) asset held by you for the purposes of applying the CGT provisions to any capital gain or capital loss realised by you. However, to the extent that a gain arising as a result of a CGT even in relation to Margin FX or CFDs is included in your assessable income outside the CGT provisions (refer to Section 22.2 above) the capital gain resulting from the CGT event will be reduced. Similarly, to the extent that any loss incurred in respect of Margin FX or CFD transactions is deductible, the deductible amount will not contribute to a capital loss for you.

22.4 Treatment of Transaction Fees

Any Daily Financing Fees credited to you are likely to be included in your assessable income at the time it is credited to your Account. If you do not provide your TFN (or ABN) or proof of exemption, KVB Kunlun may be required to withhold tax from any payment at a rate of up to 46.5%.

The transaction fees payable upon purchase or close out of Margin FX and CFD positions will be deductible if the gain or loss on the transaction is assessable or deductible. If the gain or loss is a capital gain or loss, the transaction fees will form part of the cost base or incidental costs of disposal of the product.

22.5 Expenses

Certain expenses incurred by you in connection with trading in Margin FX or CFDs may be deductible to the extent that they are incurred for the purpose of deriving your assessable income. The deductibility of these expenses will depend on your own personal circumstances. You should obtain your own advice as to whether such expenses will be deductible to you.

22.6 Taxation of Financial Arrangements

New rules have been recently introduced which set out the method by which gains and losses from financial arrangements will be brought to account for tax purposes (referred to as the Taxation of Financial Arrangements (TOFA) rules).

The TOFA rules apply to financial arrangements held by certain investors whose assets or aggregated turnover exceeds specified thresholds. The TOFA rules also apply to investors who have made an election to apply to TOFA rules to their financial arrangements. You should obtain your own advice as to whether the TOFA rules apply to you in relation to the taxation treatment of Margin FX and CFD transactions.

22.7 Goods and Services Tax

No GST should be payable in relation to your trading of Margin FX or CFDs with KVB Kunlun. This is on the basis that they are considered to be 'financial supplies' under the A New Tax System (Goods and Services Tax) Act 1999. Consequently, they are input taxed and no GST payable on their supply. However, GST may apply to certain fees and costs charged to you. You should obtain your own advice as to whether an input tax credit is available for any such GST, as it will depend on your personal circumstances.

23. DISCLOSURE OF INTERESTS

We do not have any relationships or associations which might influence us in providing you with our services. However, KVB Kunlun may share fees and charges with its associates or other third parties or receive remuneration from them with respect to your dealings with us.

In particular, KVB Kunlun is a market maker, not a broker, and accordingly will always act as principal for its own benefit in respect of all Margin FX and CFD transactions with you. KVB Kunlun may conduct transactions to hedge its liability to you in respect of your Margin FX or CFD positions by undertaking transactions in the underlying currencies. Such trading activities may impact (positively or negatively) the prices at which you may trade Margin FX and CFD products.

You may have been referred to us by a service provider who may receive financial or non-financial benefits from us. These should have been disclosed to you by the service provider in question. Please note that such benefits will not impact fees or the rates you will be offered for financial products or services undertaken with KVB Kunlun.

24. PRIVACY

Your privacy is important to us. The information you provide KVB Kunlun and any other information provided by you in connection with your account will primarily be used for the processing of your account application and for complying with certain laws and regulations. We may use this information to send you details of other services or provide you with information that we believe may be of interest to you. Full details of our privacy policy are available from our website www.kvbkunlun.com.

25. DISPUTE RESOLUTION

KVB Kunlun has an internal dispute resolution process in place to resolve any complaints or concerns you may have, as quickly and fairly as possible in all the circumstances. Any complaints or concerns should be address to your KVB Kunlun representative at first instance. Alternately, or if you are dissatisfied with their response, please detail your complaint in writing and direct it to the Compliance Officer and forward to the address detailed herein. The Compliance Officer of KVB Kunlun will respond to your complaint within 7 days and seek to resolve your complaint within 45 days or such further time period that may reasonably be required given the nature of the complaint.

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 Australian Financial Complaints Authority (AFCA) [contact details below], an approved external dispute resolution scheme, of which KVB Kunlun is a member.

Australian Financial Complaints Authority

Address:	GPO Box 3 MELBOURNE VIC 3001
Telephone:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au

26. GLOSSARY

Below is a list and the meaning of some words used in this PDS.

Term	Definition
Account	Account of the client dealing in the products issued by KVB Kunlun, which is established in accordance with the terms and conditions of the Application Terms & Conditions
AFSL	Australian Financial Services Licence
Base currency	Your account is maintained in the currency you have nominated, that is, the base currency.
Business Day	A day (other than a Saturday or Sunday or public holiday) on which trading banks in Sydney Australia are open for business.
Account Application Terms & Conditions	The agreement provided to you by KVB Kunlun, detailing the applicable terms and conditions as amended, supplemented or updated from time to time. You must complete, sign and return an Account Application Terms & Conditions, and have your account approved by KVB Kunlun in order to set up an account with KVB Kunlun to deal in products issued by KVB Kunlun.
CFD	Contract for Difference
Confirmation	Document or documents confirming evidence exchanged between KVB Kunlun and the client, confirming the terms of the product transaction.
Corporations Act	Corporations Act 2001 (Cth) which governs the provision of financial services.
Deal	Has the same meaning as provided in the Corporations Act.
EST	Eastern Standard Time, Australia
AFCA	Australian Financial Complaints Authority
FSG	KVB Kunlun's financial services guide as amended, supplemented or updated from time to time.
Initial Margin	An amount required to be deposited by the client with KVB Kunlun to open a Margin FX or CFD position.
LIBID	LIBID stands for London Interbank Bid Rate The rate charged by one bank to another for a deposit in the wholesale money markets in London.
LIBOR	LIBOR stands for London Interbank Offer Rate. It is the rate of interest at which banks offer to lend money to one another in the wholesale money markets in London
Margin	The Initial Margin or Variation Margin or both.
Margin Call	A demand for additional funds made to the client by KVB Kunlun to meet any additional margin requirement.
Margin FX	Margin foreign exchange

PDS	Product Disclosure Statement
Term Currency	This is the currency of the position you have taken
Variation Margin	The amount deposited by the client with KVB Kunlun including any increase or reduction arising from settlement of a closed position
We, Us or KVB Kunlun	KVB Kunlun Pty Ltd