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INTERNATIONAL | TOLLFREE | FAX

## FINANCIAL SERVICES GUIDE

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You can contact us:

**Global Futures & Forex, Ltd.**

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Australian Financial Services License Number 226625

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## GLOSSARY OF TERMS

**ASIC/Australian Securities and Investments Commission:** the Australian government regulatory agency empowered to administer and enforce the Corporations Act 2001 as it applies to the financial services industry.

**AFSL/Australian Financial Services License:** a license under section 911A of the Corporations Act 2001 authorizing the holder to carry on a financial services business within the Australian jurisdiction.

**CFTC/Commodity Futures Trading Commission:** US federal agency charged with oversight and enforcement of the Commodity Exchange Act in the United States.

**Currency Pair:** The two (2) currencies employed in a two (2) currency transaction wherein each party to the trade agrees to deliver a specific quantity of a particular currency to the opposing party in return for a specific quantity of another currency.

**Dealer Spread:** the difference between the prices at which GFT, as market maker is willing to buy and sell a given Currency Pair.

**FCM/Futures Commission Merchant:** An individual or organization in the United States which solicits or accepts orders to buy or sell futures contracts or option on futures and accepts money or other assets from customers to support such orders. An FCM is registered with the CFTC.

**Foreign Currency and Options Account Agreement:** Agreement entered into between GFT and you setting out the terms and conditions of your relationship with GFT.

### Foreign Exchange Contracts:

**Exchange Traded:** Contracts dealt with on futures exchanges.

**Forward:** Calls for settlement beyond the spot date. Can be dealt with from a few days to any impending date. A fixed date is where delivery must occur on a single day as opposed to an open date.

**Over the Counter:** Electronically made contracts as opposed to futures contracts. Referred to as "OTC".

**Initial Margin:** The amount that a client must pay to GFT before a trade is entered into.

**NFA/National Futures Association:** A futures industry self-regulatory organization in the US under section 17 of the Commodity Exchange Act and is subject to CFTC regulatory oversight.

**Spot Contract:** The most common foreign exchange transaction, the current or "now" price of the quoted currencies. Spot refers to the spot transaction value date that requires settlement within two business days, subject to value date calculation.

**Trading Account(s):** Your account or accounts with GFT.

**USD:** United States dollars.

## 1. INTRODUCTION

This Financial Services Guide ("FSG") has been prepared to assist you to decide whether you wish to use any of the services which Global Futures & Forex, Ltd. ("GFT") offers. This FSG can be downloaded from GFT's website or will otherwise be provided by GFT prior to us providing you with our financial services.

You should retain this document for your reference and any future dealings with GFT.

This FSG contains important information about:

- who we are;
- how we operate;
- how and what we charge you for providing our services (our fees and charges);
- how we will deal with your complaints; and
- details of our associations and relationships that identify any potential conflicts of interest we may have.

You must also read our Product Disclosure Statement ("PDS") prior to using our financial services because our PDS includes important information about the particular financial products we may provide to you. This product information includes:

- significant benefits;
- significant risks;
- information about the costs; and information about significant characteristics, features, rights, terms, conditions and obligations.

## 2. WHO WE ARE

GFT was registered as a foreign company in Australia on 5 February 2003. GFT holds an AFSL and is authorized to conduct business in Australia to deal, make a market and provide financial product advice (general only) in foreign exchange and derivative products. GFT's Australian operations are regulated by ASIC.

GFT began operating in the United States in May, 1997. The company was formed by Gary L. Tilkin, who is the current President and Chief Executive Officer. GFT operates as a market maker and a dealer in the United States and is regulated by the CFTC. The CFTC regulate GFT's operations in the United States.

## 3. OUR SERVICES

GFT is licensed by ASIC to deal, make a market and provide financial product advice (general only) in foreign exchange and derivative products.

GFT provides dealing and market making services through its online market making, "DealBook®", platform.

An investment with GFT entails the opening of one or more Trading Accounts through which GFT will execute transactions involving the purchase and sale of Spot Contracts, Foreign Exchange Contracts, CFDs, and Spread trading.

GFT will purchase and sell Foreign Exchange Contracts, CFD, and Spread trading at your request in accordance with oral and written instructions from you or your designated agent, pursuant to the terms of our Foreign Currency and Options Account Agreement, which you must read and execute before we will provide any services to you.

We will also provide you with our PDS which sets out the risks of dealing in foreign exchange, CFD, and Spread trading products. You should carefully consider all information contained in this FSG and the PDS prior to investing with GFT.

## 4. HOW YOU CAN COMMUNICATE WITH US

Once you become a customer of GFT and download GFT's DealBook® software, you will have access to your account information on-line. You will also be able speak to our representatives in the United States by telephone or communicate with them by email.

### Instructions for placing a telephone order with the dealing desk:

- A) If you need to place an FX order by phone, please call our 24-hour FX dealing desk on:  
1800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 3 then 1. OR dial direct to U.S. 1 616 974 3670
- B) If you need to place a CFD order by phone, please call our 24-hour CFD dealing desk on:  
1800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 3 then 2. OR dial direct to UK 44 20 7170 0750
- C) Have ready the following information for the dealer who answers your call:
- your account number;
  - whether you are buying or selling;
  - the volume of your order;
  - the currency you wish to trade; and
  - the price at which you would like your order placed and the type of order execution.

The general Customer Service and Technical Support telephone number is: 1 800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 1 OR dial U.S. 1 616 956 9273. Also, to send an e-mail, go to our web site contact page: <http://www.gft.com.au/contact/>.

## 5. HOW WE CHARGE YOU FOR PROVIDING OUR SERVICES: OUR FEES, COSTS AND EXPENSES

### A. Processing Fees

Global Forex Trading charges no fees for opening or closing trading accounts, monthly maintenance, or withdrawing funds unless a wire transfer or overnight check is requested. GFT offers 30 day free trials of DealBook®, our dealing software. If you choose to withdraw funds from your account and would like them sent to you via wire transfer, a bank fee of \$5AUD (within the Australia) and \$25.00AUD (outside Australia) will be deducted from your trading account. For all returned checks, a fee of USD25.00 will be deducted from your trading account. You may view the fee schedule for other base currencies on Exhibit A.

### B. Initial Margin Deposit

You must make an Initial Margin deposit with us when you open your Trading Account. No Trading Accounts will be accepted without the minimum Initial Margin deposit. For accounts funded with an initial deposit amount equal to or greater than \$2,500 USD/\$3500 AUD, GFT will generally require between one and five percent margin on contract value be maintained at all times a position is opened. For accounts funded with an initial deposit less than \$2,500 USD/\$3500 AUD, GFT will require ¼% margin on contract value be maintained at all times a position is open. The Initial Margin deposit may vary from time to time (please see the Processing Fees: <http://www.gft.com.au/documents/processing%20fees%20australia.pdf>.) You may view the fee schedule for other base currencies on Exhibit A. Please note that GFT has an absolute discretion to increase any margin requirement. This is to ensure that GFT can ensure it addresses any risks that may arise in relation to your positions.

GFT will not pay you any interest on the amount in your Trading Account.

**C. Inactive Account Fees**

Your Trading Account will be deemed inactive if no trading activity has occurred for a period of 60 days or more. A monthly inactivity fee of \$95 AUD will be charged to an inactive account. Base 10 accounts will be charged an inactivity fee of \$32 AUD. You may view the fee schedule for other base currencies on Exhibit A.

**D. Account Subject to Automatic Debiting**

You are responsible for the payment of all fees to GFT arising out of your relationship with GFT. Your Trading Account will be automatically debited the amount of such fees that are not settled or paid as required, by the terms and conditions governing your relationship with GFT. Additional fees and costs for services such as wire transfers will be charged to your account. You agree, by entering into the Foreign Currency Account Agreement to pay all reasonable fees incurred by GFT to maintain your Trading Account. This is true of all fees including, but not limited to, the fees set out in this FSG. GFT may, on occasion, initiate new fees, as they become necessary to the proper functioning of GFT. Notice of such fees will be posted on GFT's Internet Server accessible by you at any time, which will update the information contained in this FSG.

**E. Negative Account Balances**

Numerous transactions may be required to stabilize your Trading Account and such transactions may result in fees that overtake the value/assets of your Trading Account. Should such an event occur, you are responsible for paying such fees within a designated period of time. Failure to satisfy this requirement may result in your assets being traded at a loss to cover such fees. Further, where funds maintained in your Trading Account are insufficient to meet losses, fees and other charges you will be required to bring your account to a zero balance, at least, within forty eight (48) hours after the occurrence or you will be subject to legal proceedings and the court and legal fees to recover these monies.

**F. Substantial Costs**

When trading currency or options interests with GFT, although no commissions are charged, Dealer Spreads are incurred. GFT is compensated **by revenues from its activities** as a currency dealer, including proceeds from buying, selling, converting, as well as holding currencies and interest on deposited funds and rollover fees. These fees may be, and often are, substantial. Accordingly, your Trading Account must earn substantial trading profits to avoid depletion of assets due to such fees. You should carefully consider that Dealer Spreads alone may negatively impact the profitability of your Trading Account. You will be responsible for bearing any expenses, losses, commissions, and fees that result from GFT maintaining your Trading Account. The Dealer Spread is essentially the difference between the buy and sell price quoted by GFT as Dealer. The Dealer may profit from part or all of the Dealer Spread, which can be calculated at any given time by you by comparing the bid and offer prices quoted by GFT.

For example, GFT currently quotes an exchange rate of EUR/USD 1.9100/1.19130 to all of its clients. Client A wishes to buy 100,000 EUR/USD at the price of 1.19130. Client B wishes to sell 100,000 EUR/USD at the price of 1.19100. When both clients buy and sell GFT, as the market maker, sells to one client at 1.19130 and buys from another client at 1.19100 making 3 pips on the spread.

**G. Fee Disputes**

All disputes over fees must be brought to our attention within five (5) calendar days of the fee's origination to avoid losing the right to dispute such fees.

**H. Account Subject to Lien**

The funds and currency positions in your Trading Account will act as collateral to give GFT security for any amounts due by you to GFT. This means that GFT has the right to use the assets in your Trading Account to satisfy any outstanding liability to GFT.

**I. Commissions & Other Benefits**

When trading currency interests with GFT, no commissions are charged. GFT is compensated by revenues from its activities as a currency dealer, including proceeds from buying, selling, converting, as well as holding currencies and interest on deposited funds and rollover fees. GFT will also receive income from its market making activities based on Dealer Spreads. This means that GFT will receive income from the spread between the bid and offer, and based on taking currency positions to offset the positions taken by you. The Dealer Spreads can be calculated at any one time by the difference between the bid and offer. Refer to section F above for a worked dollar example.

GFT also derives a benefit from the funds deposited by you because it earns interest on those funds.

**J. Referring Party Payments**

A Referring Party who refers a customer to GFT will be compensated by GFT from its income received on trading. Compensation paid to a Referring Party is based on the volume of the Referring Party's client trading volume. This means that compensation is based on either an amount per round term lot or pip mark-up for trades made by the Customer who has been referred to GFT.

This compensation is usually individually negotiated between GFT and each Referring Party and is based on monthly trading volume. For example, if a commission of USD5.00 per round turn is agreed to with the Referring Party and the number of round turns is 50, the payment to the Referring Party would be USD250.

**K. Payments of Representatives**

A GFT representative may receive a portion of the income earned by GFT as described under section 10 above.

#### **L. Third Party Fees**

GFT may pay fees to third parties, in addition to those set forth above, for services including, but not limited to software, charting, data feeds, and other subscriptions GFT may choose to offer in the regular course of business.

### **6. HOW WE DEAL WITH YOUR COMPLAINTS**

If you wish to make a complaint about our services please contact the Customer Service Department at 1 800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 1 OR dial U.S. 1 616 956 9273. You can also reach us thru our website at the following link: <http://www.gft.com.au/contact/>

We will deal with your complaint as in the manner set out below.

- You can make a complaint in writing or by speaking to one of our representatives.
- When we receive a complaint from you, we have policies and procedures in place to ensure that your complaint will be immediately notified to our Compliance Officer. Our representative will try to resolve your complaint at this stage.
- In all circumstances, we will attempt to resolve your complaint within 14 days from the date you make the complaint. If your complaint cannot be resolved within this timeframe we will provide you with a written explanation and an estimated timeframe of when we anticipate being able to resolve your complaint.
- If the representative to whom you make the complaint is unable to resolve the complaint to the satisfaction of both parties, an officer of our Compliance Department will attempt to resolve the complaint with you.
- If you are not satisfied with the outcome of our complaint resolution procedures, you have the right to contact GFT's external dispute resolution scheme:

#### **The Financial Ombudsman Service (FOS)**

GPO Box 3  
Melbourne VIC 3001  
(Ph 1300 78 08 08)

The Financial Ombudsman Service (“**FOS**”) provides services free of charge.

FOS will facilitate discussions and negotiations between the parties. At this stage the issues that are in dispute will be identified.

If the dispute cannot be resolved through discussion, FOS will facilitate conciliation between the parties. The conciliator will attempt to assist the parties to settle the dispute and agree on the terms of such settlement.

If conciliation does not facilitate settlement of the dispute, FOS will appoint an independent adjudicator to make a decision taking into account relevant law, fairness and reasonableness. As a member of FOS, any decision by the adjudicator is binding on GFT. The adjudicator's decision will only be binding on you if you agree.

You can also call the ASIC freecall Infoline on 1300 300 630 to find out about your rights to complain or to make a complaint.

### **7. LESSER PROTECTION IN BANKRUPTCY**

All GFT's Australian branch clients' moneys are segregated from GFT's own funds. The purpose of the segregated trust account is to protect GFT's clients' moneys in the unlikely event of GFT's insolvency.

However, your moneys may be co-mingled in one or more segregated trust accounts with moneys of other GFT clients. In the unlikely event that there is a deficit in any segregated trust account and GFT becomes insolvent, you must be aware that you could then become an unsecured creditor of GFT in relation to the balance of the moneys owing to you

In addition, GFT does business and holds client funds in other countries where the laws governing client funds are different from those in Australia. To the extent that any funds of Australian clients become subject to the insolvency laws of another country, the application of these laws could result in lesser protection for the funds of Australian clients, including the result that you could become an unsecured creditor of GFT in relation to the moneys owing to you.

### **8. DETAILS OF OUR ASSOCIATIONS AND RELATIONSHIPS THAT ARE RELEVANT TO THE SERVICES WE PROVIDE TO YOU**

#### **Global Forex Trading**

In the United States, Global Futures & Forex, Ltd merged with Global Forex Trading on 10 January 2001. Global Forex Trading then became a division of Global Futures & Forex, Ltd . Global Forex Trading acts as a broker and currency dealer in the United States.

### **9. PROFESSIONAL INDEMNITY INSURANCE**

GFT has professional indemnity insurance in accordance with section 912B of the Corporations Act 2001. The professional indemnity insurance covers claims pertaining to conduct of current and past employees.

### **10. YOUR PRIVACY**

**Disclosure:** You may find more information about our privacy policy in our Product Disclosure Statement and the Australian Client Agreement.

You acknowledge that:

1. We collect non-public, personal information about you from the following sources:
  - Information we receive from you on applications, forms or otherwise;
  - Information about your transactions with us, our affiliates or others; and
  - Information we receive from other brokerage firms.
2. If you do not provide all the information requested, GFT may not be able to provide financial services or products to you.
3. You may gain access to any personal information GFT holds about you by contacting the Customer Service department at 1 800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 1 OR dial U.S. 1 616 956 9273. You can also reach us thru our website at the following link: <http://www.gft.com.au/contact/>.
4. We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.
5. We maintain security practices and procedures to ensure the confidentiality of your nonpublic personal information.
6. We may disclose all of the information we collect, as described above, to companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing arrangements.
7. On an internal basis, we authorize access to non-public, personal information about you to those employees who need to know that information to service your account or to enforce our rights relating to your account. We maintain security practices and procedures to ensure the confidence of your non-public, personal information

**Consent:** You agree that:

1. GFT may exchange information about you with:
  - (a) Any related body corporate of GFT whether they are located in Australia or in a foreign jurisdiction;
  - (b) Any employees, agents, contractor or other service providers of GFT including any entity involved in any restructure or transfer of GFT's business;
2. GFT or (as applicable) the people or organizations described in 1 above, may use your information to:
  - (a) Provide you with further information about any service or product provided by GFT;
  - (b) Either conduct market research or to contact you as provided for under the Australian Client Agreement
  - (c) Comply with any regulatory or legal disclosure requirements

## **EXHIBIT A**

### **FEE SCHEDULE**

Global Forex Trading charges no fees for opening or closing trading accounts, monthly maintenance or withdrawing funds unless a wire transfer or overnight check is requested.

Inactive Accounts: An account will be deemed inactive if no trading activity has occurred for a period of 60 days or more. Please see below for our fee schedule.

### **PROCESSING FEES:**

Please click on the following link to view a schedule of our processing fees:

<http://www.gft.com.au/support/documents.asp>

If you have any questions, please feel free to contact us by phone at 1 800 62 40 80 (within Australia) or 61 2 9028 7500 (outside Australia) and press 1 OR dial U.S. 1 616 956 9273. You can also reach us thru our website at the following link:

<http://www.gft.com.au/contact/>

Note: All fees and charges are subject to change without notice. GFT publishes a new fee schedule each quarter.