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1st Contact Forex

Product Disclosure Statement

1st Contact Forex Pty Ltd

1st Contact Forex (ABN: 48 129 881 947)

Australian Financial Services Licence Number: 335126

Prepared on: 01 June 2009

This Product Disclosure Statement (“PDS”) is an important document and is designed to provide you with information regarding our range of Foreign Exchange products. This PDS contains important information about:

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Introduction

This PDS is an important document. We are providing this PDS to ensure that you receive key information about the features, costs, benefits and risks to assist you in deciding whether to acquire the financial product set out in this PDS. A PDS is also a tool for comparing the features of other products you may be considering.

Please be aware that this PDS does not take into account your financial situation or your personal needs and objectives.

The statement does not constitute a recommendation to trade or advice. 1st Contact Forex recommends you read this document thoroughly and seek independent financial advice before entering into a foreign exchange transaction, to ensure that particular products are suited to your overall financial situation.

We recommend that you take all reasonable steps to fully understand the outcomes of specific foreign exchange trades and strategies adopted in relation to utilising the products provided by 1st Contact Forex. Independent taxation and accounting counsel should also be sought in relation to the impact of foreign exchange gains and losses on your particular financial situation.

Should you have any queries relating to this PDS please do not hesitate to contact us by phone on 1800 835 148 or by email on money@1stcontact.com

About 1st Contact Forex

1st Contact Forex provides foreign exchange solutions to both businesses and individuals.

Any financial services offered are provided by representatives (“Representative”) of 1st Contact Forex. 1st Contact Forex is part of the 1st Contact Group which is incorporated in the UK.

How to Contact 1st Contact Forex Pty Limited (ACN: 129 881 947)

1st Contact Forex Pty Ltd

Level 9

278 Collins Street

Melbourne 3000 Australia

Telephone: 1800 835 148

Facsimile: +61 3 8779 8918

Email: money@1stcontact.com

Website: www.1stcontactforex.com.au

Principal contact: FX Manager

Australian Financial Services License (“AFSL”)

1st Contact Forex holds an Australian Financial Services License, Number 335126.

This licence authorises the licensee to carry on a financial services business to:

(a) provide general financial product advice for the following classes of financial products:

(i) deposit and payment products limited to:

(A) non-cash payment products; and

(ii) foreign exchange contracts;

(b) deal in a financial product by:

(i) issuing, applying for, acquiring, varying or disposing of a



financial product in respect of the following classes of financial products:

(A) deposit and payment products limited to:

(1) non-cash payment products; and

(B) foreign exchange contracts; and

(c) make a market for the following financial products:

(i) foreign exchange contracts; to retail and wholesale clients.

Financial services provided

We provide the following service:

- › Foreign exchange spot transactions

Types of Products

We are authorised to deal in, and provide general advise in relation to, the following product:

- › Foreign exchange spot contracts.

Product Outline

A foreign exchange contract is an agreement between two entities to exchange one currency for another. A foreign exchange rate is the price at which one currency can be bought with or sold for another currency. All quotations are made up of two currencies: the 'base' currency and the 'terms' currency. A quotation shows how many units of the terms currency will equal 1 unit of the base currency.

For example: If the current exchange rate for the Australian Dollar (AUD) against United Kingdom Pound (GBP) equals AUD/GBP 0.4552. Here, Australian Dollars is the base currency and UK Pound is the terms currency. One Australian Dollar is equal to, or can be exchanged for 0.4552 UK pounds (0.4552 pence).

Exchange rates fluctuate constantly and thereby give rise to risk and uncertainty.

Purpose of Foreign Exchange Products

The main purpose of foreign exchange products is to meet the needs of individuals and commercial entities who need to buy or sell foreign currencies. They are also designed to enable individuals and businesses to manage their foreign exchange risk as well as protect their funds against exchange rate exposure.

Foreign exchange exposure can arise from a number of different activities. This includes, but not limited to:

For an individual it may come about from an individual wishing to travel to another country. If the currency the person is travelling too appreciates then the trip is likely to become more expensive.

Companies that are involved in overseas trade are also particularly exposed to currency risk.

Importers who buy goods in foreign currency's have the risk that if the currency they're paying in strengthens then the cost

in local terms will be greater than expected.

Please note that foreign exchange contracts are not traded on a licensed financial market. A customer wishing to enter into a foreign exchange contract with 1st Contact Forex will be considered to be entering into a bilateral agreement between themselves and 1st Contact Forex, with rights and obligations to both parties. Further information can be obtained by referring to 1st Contact Forex's Terms and Conditions.

Foreign currency Transactions

1st Contact Forex exchange rates are quoted as:

- › Spot contracts

Foreign Exchange Spot Contracts

A spot contract is a binding obligation to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days' time.

A foreign exchange spot contract will settle within 2 days of the agreement being entered into. This means that the currency being bought will be receivable to 1st Contact Forex within two days and the currency which is sold will be payable within two days. Actual receipt of funds into the nominated beneficiary account may take longer than 3 days depending on the destination of the funds and the intermediary banks involved.

1st Contact Forex determines the spot exchange rate it quotes taking the following factors into account:

The market spot exchange rate;

- › a volatility factor;
- › the transaction amount;
- › 1st Contact Forex profit margin.

Forecasting exchange rates is very difficult. For a company to use only the spot market for its foreign currency requirements may be a high risk strategy because exchange rates could move significantly in a short period of time. For example, if you placed an order for raw materials from Germany for payment in three months' time, and use the spot market to meet the invoice when it falls due, your company could lose significantly if rates move against you.

Significant Benefits

The primary benefit of an FX Transaction is to allow you to make foreign currency payments and receive foreign currency receipts, thus allowing you to engage in trade and other financial transactions offshore.

Other benefits of entering into a foreign exchange contracts with 1st Contact Forex include:

- › Allows you to set up a list of payees that you make frequent international payments to;
- › Available to access 24 hours a day, 7 days a week, from the



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comfort of your home or office

- › Reduced transaction costs;
- › Uses the latest secure internet technology, to ensure your personal details are kept safe.
- › Competitive exchange rates;
- › Accurate transaction records; and
- › No minimum transaction amount.

Significant Risks

The risks involved in entering into a foreign exchange transaction generally relate to factors outside our control. They could relate to financial outcomes, financial circumstances and operational processes unrelated to the mechanics of the foreign exchange transaction being entered into.

Foreign exchange markets can be volatile. The Exchange Rate which you are quoted may change significantly due to volatility, up until such time as you choose to accept that Exchange Rate. Once you have accepted that Exchange Rate, it will remain fixed.

The opportunity for making financial gains as the result of favourable exchange rate movements is precluded. If you enter into a transaction, you must always settle it on the agreed terms; you cannot ask 1st Contact Forex to pay you the profit on settlement, nor can you simply close out the transaction and ask 1st Contact Forex to pay you the profit.

If you have insufficient funds in your nominated account in order to make a payment, you may be subject to additional dishonour fees. Furthermore, if a FX Transaction is dishonoured for some reason, we will be required to reverse that trade. This means the FX Transaction will be reversed at the current market Exchange Rate. If Exchange Rates have moved substantially, you may be liable to pay a substantial amount to cover this difference in Exchange Rates.

Payments may take longer to be credited to a recipient's nominated bank account, due to potential delays by a recipient's bank, or if there are errors in any bank account details which are provided. Because 1st Contact is a fully-automated system, any incorrect bank account details may cause your payments to be delayed or declined by a recipient's bank (known as the Beneficiary Bank). 1st Contact Forex takes no responsibility for any delays in a recipient receiving payments.

Where a payment has not been made before a certain time, known as the Cut-Off Time, those payment instructions may not be processed until the following business day. Details of the Cut-Off Times for specified currencies are available on the 1st Contact Forex website (www.1stcontactforex.com.au).

1st Contact Forex may terminate any or all of your outstanding FX Transactions where you fail to pay any applicable fees, funds

to be debited from your nominated account are not cleared or are dishonoured, we suspect you are involved in any fraudulent activity or misuse of 1st Contact Forex, or for any other reason specified in this PDS.

Interest will be foregone on the amount of any deposits held by 1st Contact Forex, as 1st Contact Forex does not pay any interest on deposits.

Whilst we work hard to ensure your security online with the use of secure socket layer (SSL) technology, Transactions over the internet do create security risks. You must protect all passwords and access codes to minimise the risk of unauthorised Transactions. This includes not writing down any passwords or access codes or selecting a code which could easily be guessed by others, such as your date of birth or telephone number.

How are we remunerated for the services we provide

We charge a transaction fee ("Fee") of up to AUD 15.00 for transactions under AUD 25,000 and no fee for transactions over AUD 25,000.

1st Contact Forex also earns its revenue through a 'spread'. The 'spread' is the difference between the wholesale exchange rate we buy at and the exchange rate we offer to each customer. The exchange rate we offer is dependent on a number of different factors which include:

- › The value of the transaction
- › the frequency you trade with us
- › interest rate differentials
- › settlement date
- › market volatility

Generally the margin will be between 0.1% to 3% per transaction. This margin may still vary however according to market volatility, the maturity date and the supply and demand of the currency pairing. In some cases, we may not be able to send a payment directly to the beneficiary bank and will use a correspondent bank to make the payment. The correspondent bank may charge a fee for making the payment to the beneficiary bank and those fees may be deducted from the amount remitted to the beneficiary bank. The beneficiary bank may also deduct or charge a fee upon receiving a payment sent by us. The fees listed above are beyond our control, we receive no benefit from them and we cannot predict the amount of these fees in advance or whether they will be incurred.

1st Contact Forex may change these fees at any time. We will notify you of any changes to these fees in writing or by advertisement in national or local media.

1st Contact Forex employees do not receive specific payments or commissions for providing you with financial product



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advice. Employees receive salaries and may also receive bonuses according to key personal and team performance criteria.

Trading and documentation

1st Contact Forex Terms and Conditions are provided to you at the beginning of the registration process and must be read and signed before a contract is entered into. The Terms and Conditions govern the trading relationship between 1st Contact Forex and you and set out the basis on how transactions will take place.

1st Contact Forex will provide you with further documentation, such as deal confirmation and payment details, to facilitate requested transactions. With regards to all transactions 1st Contact Forex only provides general advice. That is it does not take into account your objectives, financial situation or needs.

Anti-Money Laundering and Counter-Terrorism Financing terms and conditions

1st Contact Forex is subject to AML/CTF Laws. In making an application pursuant to this PDS you consent to us disclosing in connection with AML/CTF Laws any of your Personal Information (as defined in the Privacy Act 1988 (Cth)) we have. In certain circumstances we may be obliged to freeze or block an account where it is used in connection with Illegal Activities or suspected Illegal Activities. Freezing or blocking can arise as a result of the account monitoring that is required by AML/CTF Laws. If this occurs, we are not liable to you for any consequences or losses whatsoever and you agree to indemnify us if we are found liable to a third party in connection with the freezing or blocking of your account

Tax Implications

There may be income tax implications arising from the foreign exchange transaction you enter into. You should consult your own independent professional adviser(s) regarding the tax and accounting consequences of acquiring, holding or disposing of foreign exchange contracts in light of your particular circumstances.

We do not charge GST on the transaction fees we charge.

Dispute Resolution Process

1st Contact Forex has an internal dispute resolution process in place to resolve any issues or concerns you have. This has been designed to handle your complaints as quickly and fairly as possible. To make a complaint you should take the following steps:

If you have a complaint, please contact your 1st Contact Forex representative.

If your complaint is not satisfactorily resolved within 14 days please contact our Compliance Manager in writing with the details of your complaint:

Compliance Manager
1st Contact Forex
Level 9
278 Collins Street
Melbourne, Victoria 3000

If you are dissatisfied with the outcome, you have the right to complain to the Financial Ombudsman Service (FOS) who may be contacted on 1300 780 808. FOS is an approved external dispute resolution scheme, of which 1st Contact Forex is a member.

You may also choose to contact the Australian Securities and Investments Commission (ASIC) on their freecall line 1300 300 630.

Contact details

Freecall Aus: 1800 835 148

International: +61 3 8651 4595

Email: money@1stcontact.com

Web: www.1stcontactforex.com.au

