



CurrencyFair

Foreign Exchange Contracts

PRODUCT DISCLOSURE STATEMENT

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Issued By: CurrencyFair Limited ARBN 154 043 455

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Important Information

This Product Disclosure Statement ("PDS") has been prepared and issued by CurrencyFair Limited ARBN 154 043 455 ("CurrencyFair"). CurrencyFair does not have an Australian Financial Services Licence, but has been appointed as a Corporate Authorised Representative No. 419450 by CurrencyFair Australia Pty Limited ABN 94 147 506 410 AFSL 402709, who has arranged the issue of this PDS pursuant to an intermediary authorisation for the purposes of section 911A(2)(b) of the Corporations Act 2001 (Cth). Pursuant to that section, CurrencyFair will issue the foreign exchange contracts covered by this PDS. This PDS has not been lodged with the Australian Securities and Investments Commission ("ASIC") and is not required by the Corporations Act to be lodged with ASIC. ASIC takes no responsibility for the contents of this PDS.

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 Foreign Exchange Contract, 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 Foreign Exchange Contracts can be complex and will differ for each individual's financial

circumstances, and your tax adviser should be consulted prior to entering into a Foreign Exchange Contract.

CurrencyFair does not guarantee the investment performance of Foreign Exchange Contracts. 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 30 March 2012, 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.currencyfair.com. CurrencyFair 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 the Financial Services Guide ("FSG") and visit our website. If you have any queries regarding this PDS, please contact us.

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Product Disclosure Statement

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

This PDS is an important legal document setting out information about Foreign Exchange Contracts (FX contracts) which may be entered into between you and CurrencyFair.

This PDS is designed to provide you with important information regarding FX contracts 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 should assist you to:

- decide if the product meets your needs; and
- compare the product with similar products.

If you intend to apply to use any of the products described in this PDS, please read this PDS in full, then keep it, together with all other documentation which you

receive from CurrencyFair in connection with FX contracts, for future reference. If you have any questions or need more information, please contact us.

The purpose of this PDS is to assist you in deciding whether the services offered by CurrencyFair are appropriate for you. It describes the key features of foreign exchange transactions, the benefits, risks and associated fees and charges. You should read this PDS in full before entering any transactions with us.

2 Name & Contact Details of Issuer/Service Provider

All products and services detailed in this PDS are supplied by CurrencyFair Limited [ARBN 154 043 455] as Authorised Representative [No: 419450] of CurrencyFair Australia Pty Ltd ABN 94 147 506 410 AFSL 402709, who has arranged the issue of this PDS pursuant to an intermediary authorisation for the purposes of section 911A(2)(b) of the Corporations Act 2001 (Cth). Pursuant to that section, CurrencyFair will issue the foreign exchange contracts covered by this PDS, and provide all services in relation thereto, pursuant to its corporate authorised representative appointment by CurrencyFair Australia Pty Ltd.

CurrencyFair Australia Pty Ltd holds an Australian Financial Services licence Number 402709 and is authorised to provide general financial product advice, deal and make a market in derivatives and foreign exchange contracts to retail and wholesale clients.

You can contact CurrencyFair by any of the means listed over the page.

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3 Terms & Conditions

Information provided to you in the FSG and this PDS is important and is binding on you. Additional legal terms governing

our relationship are detailed in our Terms & Conditions. As part of the online registration process you are required to agree to the CurrencyFair Terms & Conditions. By registering you have stated that you have read and agree to the Terms & Conditions.

You must complete the online registration form, and have your account approved by CurrencyFair. CurrencyFair reserves the right to refuse to open a CurrencyFair Account for any person.

4 Advice

CurrencyFair is authorised to enter into FX contracts and to buy and sell foreign exchange contracts and to give advice in relation thereto. We only provide you with general advice, which does not take into account your particular needs, objectives and circumstances. No personal advice will be provided to any client under any circumstances.

5 CurrencyFair Foreign Exchange Summary Table

Item	Summary	PDS Section reference
Who is the issuer of this PDS and the products?	All products and services detailed in this PDS are supplied by CurrencyFair Limited [ARBN 154 043 455] as Authorised Representative [No: 419450] of CurrencyFair Australia Pty Ltd ABN 94 147 506 410 AFSL 402709, who has arranged the issue of this PDS pursuant to an intermediary authorisation for the purposes of section 911A(2)(b) of the Corporations Act 2001 (Cth).	2
What is Foreign Exchange?	A Foreign Exchange contract ("FX contract") is a transaction that involves a contract for the exchange of one currency for another at an agreed Exchange Rate. An "exchange rate" is the price of one currency in terms of another currency.	6.3

Item	Summary	PDS Section reference
Significant Benefits	<p><i>Exchange rate certainty</i> - locking in a certain exchange rate for the purchase or sale of foreign currency amounts will reduce or eliminate exchange rate uncertainty and provide cash flow certainty.</p> <p><i>Diversity</i> - FX contracts are available for a wide range of currencies.</p> <p><i>Flexibility</i> - FX contracts are flexible and can be tailored to meet your requirements.</p>	10
Significant Risks	<p><i>Volatility</i> - Exchange rates and interest rates can be volatile and move adversely.</p> <p><i>Future benefit</i> – Locking in an Exchange Rate means foregoing any benefit from future favourable movements.</p> <p><i>Counterparty Risk</i> - You are reliant on CurrencyFair’s ability to meet its obligations under the terms of the FX contract.</p>	9
What fees and charges are payable in respect of FX contracts?	<p>CurrencyFair does not charge any direct fees for an FX contract. CurrencyFair derives a financial benefit by making adjustments to the rates offered to Clients on the Market when they are viewed by the other party.</p> <p>CurrencyFair applies a Standard Rate Adjustment to each exchange in an amount notified on the website. Please refer to our website for the current Standard Rate Adjustment which may be amended from time to time.</p> <p>CurrencyFair charges a fee for making a transfer from your CurrencyFair Account. The fee is quoted in the currency you are transferring however you have the option to pay in a different currency, provided you have enough funds available on your account, in that currency. The transfer fee is applied when you request, via the website, your funds to be transferred to your chosen beneficiary. The transfer fee is deducted from the amount of Available funds you have to send.</p> <p>Although CurrencyFair aims to avoid having additional third party fees deducted from your funds in some cases it is unavoidable. This may result in an amount less than you transferred arriving at the Beneficiary Account.</p> <p>CurrencyFair does not either levy or receive these fees and is constantly looking for ways to enable our customers to avoid them.</p>	8

Item	Summary	PDS Section reference
How do I open a FX account?	<p>Prior to transacting in FX contracts, you must read and understand the FSG, this PDS and the CurrencyFair Terms & Conditions (which will be provided to you by CurrencyFair) detailing the applicable terms and conditions. You must accept the CurrencyFair Terms & Conditions at registration and have your account approved by CurrencyFair. CurrencyFair reserves the right to refuse to open an account for any person.</p> <p>Once you have opened an Account with us and it is fully activated we refer to you as a “Client” or “User”</p>	3 & 7
How do I place a FX contract order with CurrencyFair?	<p>CurrencyFair accepts FX contract instructions electronically online or by email or by telephone. CurrencyFair only allows you to exchange funds that have been cleared to our respective Client Accounts. You need to send us the funds you wish to exchange in advance of being able to execute a transaction</p>	7
How are payments made in and out of your Account?	<p>You may transfer funds to us using your internet or telephone banking or by going to your branch. CurrencyFair only accepts bank transfers.</p> <p>In no circumstances does CurrencyFair accept cash deposits.</p>	
What are the tax implications of FX contracts?	<p>Tax implications may arise from any transaction or transfer of funds you enter into with us. The taxation consequences of foreign exchange transactions 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 FX contracts on your particular financial situation.</p>	14
Currency Fair’s powers to suspend or close your account	<p>CurrencyFair retains the right to suspend or cancel your CurrencyFair Account without prior notification as set out in the Terms & Conditions. We can also refuse to facilitate the execution of any transaction.</p>	11 & 13
Dispute Resolution	<p>CurrencyFair has an internal dispute resolution process in place to resolve any complaints or concerns you may have, as quickly and fairly as possible in the circumstances. You should bring any complaints or concerns you have to our attention by contacting us.</p>	16

Item	Summary	PDS Section reference
How do I obtain further information?	You can contact us as per contact details in this PDS.	2

6 Foreign Exchange Transactions offered by CurrencyFair

6.1 Our Service

CurrencyFair operates an online foreign exchange portal that operates 24 hours a day, Monday to Friday, detailed opening hours can be found on the website. We facilitate the exchange of one currency for another and the transfer of the purchased currency overseas upon your request to the beneficiary you nominate.

CurrencyFair is not a currency speculation service. It is designed to provide spot foreign exchange and remittance services for clients that need to send funds internationally.

6.2 Peer to Peer

CurrencyFair offers FX contracts on a peer to peer, or person to person basis. This means that rates are determined by the users and effectively allows them to swap their currencies with each other. However, please note that CurrencyFair is not operating a market or exchange as such, and you will always be contracting with CurrencyFair, who will ensure the transaction takes place securely.

When dealing in FX contracts, CurrencyFair 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 CurrencyFair then CurrencyFair 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 CurrencyFair.

6.3 What is a Foreign Exchange contract?

The term foreign exchange refers to the simultaneous purchase of one currency and sale of another currency at an agreed exchange rate. Foreign exchange contracts are not exchange traded and are customised to each individual transaction. The characteristics below change for each transaction

- Currencies exchanged
- Exchange rate
- Amount to be exchanged
- Value date of the transaction

Standard FX contracts or “spot” FX mature on a set value date. With CurrencyFair, as all funds are pre-cleared, the purchased funds are available on your account for immediate transfer to your chosen Beneficiary Account. The value date your funds will arrive at the Beneficiary Account will depend on the type of transfer you request and the standard settlement time for the currency you are sending.

How does an FX contract work?

When you enter into any FX contract, you will be asked to nominate an amount (“**Contract Amount**”) and the two currencies to be exchanged. In every FX

contract there are two currencies as follows:

1 fixed unit of a currency = X variable units of another currency.

The fixed currency is called the “base” currency and the variable currency is called the “terms” currency. Together, these are known as the Currency Pair. The currencies involved in any FX contract must be currencies which are acceptable to CurrencyFair.

In addition to the Contract Amount and the two currencies, you will also be asked to specify a date on which the exchange of currency will take place. This date is known as the “settlement date” and can be any business day on or after the “deal date” (i.e. the date on which you enter into the relevant FX contract with CurrencyFair.)

6.4 Exchange Rates

An Exchange Rate is the price of one currency expressed in terms of another. For example, if the current Exchange Rate for the Australian Dollar against the US Dollar is AUD/USD 1.01, this means that one Australian Dollar is equal to 1.01 US. The Exchange Rate can also be expressed as the reciprocal, so USD/AUD would be one USD is approximately equal to 0.99 AUD cents. Foreign Exchange Rates are moving constantly and are the largest financial market in the world with trillions traded every day.

AUD/USD = 1.01 USD/AUD = 0.99

CurrencyFair Exchange Rates on a particular Currency Pair are always quoted as the currency you are selling to the currency you are buying. That way when you view the Market you always know

that the higher the rate the better the rate of exchange is for you.

By way of example if you are converting AUD into USD then the rate will be quoted as 1AUD = 1.01 US cents. If you are converting USD to AUD it would be 1USD = 0.99 AUD cents.

Exchange Rates for FX contracts are quoted as “spot exchange rates”, “value today exchange rates”, “value tomorrow exchange rates” or “forward exchange rates”. As all exchanges are made using cleared funds, once your funds are matched, your purchased currency is immediately credited to your account and the sold currency is debited. Once a match has taken place you can request the transfer to your chosen Beneficiary Account.

A “spot exchange rate” is the exchange rate which applies to an FX contract with a settlement date that occurs 2 business days after the deal date (“**spot date**”). FX contracts with a spot exchange rate are commonly referred to as “spot contracts”.

A “value today exchange rate” is the exchange rate which applies to an FX contract settling on the same day as the deal date, but not immediately at the time of entering into the FX contract. FX contracts with a value today exchange rate are commonly referred to as “value today contracts”.

A “value tomorrow exchange rate” is quoted for a transaction settling on the next business day after the deal date. FX contracts with a value tomorrow exchange rate are commonly referred to as “value tomorrow contracts”.

A “forward exchange rate” is quoted for any FX contract settling at any time after the spot date, i.e. FX contracts with a

settlement date that is more than 2 business days after the deal date. FX contracts with a forward exchange rate are commonly referred to as “forward contracts”. A forward contract can also have an optional delivery period which enables you to take delivery of the currency at any time in any agreed period leading up to the settlement date with no adjustment to the agreed forward exchange rate.

6.5 Interbank Rates

The Interbank Rate or Wholesale Rate is the rate at which banks and financial institutions exchange their currencies and is the base for all other exchange rates.

6.6 Comparing Exchange Rates

As foreign exchange is an over the counter product, different providers will be quoting different rates at the same time. You will want the best exchange rate available, so we advise that you shop around. You need to be aware of providers who advertise zero percent commission or zero transfer fees. While these may seem to be a good deal, the exchange rate you receive once the providers spread has been added, may more than compensate for you not having to pay other fees. You always need to take everything into account, the rate and any associated charges, when comparing providers.

7 Using CurrencyFair

7.1 Registration

In order to use our services and execute an exchange you need to register online via the website. As part of the process you will need to read and agree to the Terms & Conditions. You do this by ticking the box on the online registration form.

Once you have registered we will need to verify your email address by clicking a link we send to the email address you entered at registration. We will then need to verify your identity; you will be notified what is required to do this. You will not be able to enter any transactions until this process is completed.

Once you have opened an Account with us and it is fully activated we refer to you as a “User”

7.2 How to Enter a Transaction

Once your CurrencyFair Account has been fully activated you can enter a transaction in one of the following ways;

Online – the majority of CurrencyFair transactions are executed via the online portal. You will need to log on using your Username and Password set up at registration. This is the quickest and easiest way to exchange.

Email – If necessary you can email us instructions to execute a transaction on your behalf. The details of the transaction will be final once we have processed your email. You need to note that emails may not be processed immediately and you acknowledge that you are bound by the details we send you on confirmation of the transaction.

Telephone – You can also request a transaction by phone. CurrencyFair will execute the transaction for you and advise the terms via email.

Foreign exchange rates can be booked on the website 24hours a day 5 days a week. Please check the website for market opening hours.

7.3 Pre Funded Accounts

CurrencyFair only allows you to exchange funds that have been cleared to our respective Client Accounts. You need to send us the funds you wish to exchange in advance of being able to execute a transaction. We advise you of where to send the funds via the website. Once your funds are received we send you an email to let you know the funds are available for you to exchange.

As per the terms and conditions you are not paid interest on any balances held in our Client Accounts.

7.4 Peer to Peer Rate Setting Mechanism

CurrencyFair provides a Peer to Peer (or person to person) foreign exchange service. This means that Users are able to determine the rate at which they wish to exchange. So unlike normal FX providers, where they only give you a rate at which you can buy a certain amount of foreign currency, with CurrencyFair you can also set a rate at which you would be willing to sell the currency you have.

You have the choice to accept the Best Rates Available Now or make an Offer on the Market and hope other users match your rate.

Accepting the Best Rates Available Now

CurrencyFair ensures that there is always the ability to exchange your funds immediately, no matter what Currency Pair you require or the number of other users in the market. Once you have selected the currency you are converting from and the currency you are converting to you will see the Best Rates Available Now on the website. The exchange rate and the amount of funds (denominated in your sell currency) Available at that rate will be displayed.

So for example you are converting AUD 10,000 to USD. When you go to that market you may see under Best Rates Available Now section;

1.01 12,000 AUD

1.00 15,200 AUD

This means that you can exchange AUD 12,000 at a rate of 1.01 (1 AUD = 1.01USD).

As your amount is less than 12,000, you can exchange all of your AUD 10,000 at the rate of 1.01.

If you wanted to exchange AUD 13,000 you can exchange only AUD 12,000 at 1.01 and the remaining AUD 1,000 at the next Available rate of 1.00. You will receive the weighted average of the two (or more) rates. This would be calculated as;

AUD12,000 @1.01 = USD 12,120

AUD 1,000 @0.98 = USD 1,000

AUD 13,000 = USD13,120 @ 1.009231

CurrencyFair will always match you at the best rates available on the website.

If you are happy with these rates you can confirm the transaction and the trades are matched. Once matched a trade cannot be reversed or cancelled.

You can also exchange using the Quicktrade function that shows you the weighted average rate for the amount you wish to exchange, rather than the individual rates that make up the total amount as shown by the Marketplace.

Offering Your Funds to be Matched.

As CurrencyFair offers peer to peer you have the choice to Offer your funds on the

website to be matched by another user at a rate, or rates, which are better than the Best Rates Available Now.

Using the example above if you had AUD 5,000 you wanted to convert to USD but you want to try and receive a rate better than the 1.01 currently Available you can enter a higher rate of exchange, for example 1.0150.

This rate would not be matched immediately and join the Queue for Better Requested Rates. All Offers are held in the Queue in the order they are received, so two Offers at the same rate would result in the person who entered their Offer first, getting matched first.

You are now waiting for someone to match that rate. You can amend and cancel any unmatched orders. Your Offer will remain in the Queue until you amend or cancel it.

You can be matched in two ways, fully matched or partially matched. If you are fully matched then all of the funds you have offered at that rate have been matched by another user. If you are partially matched only a portion of your funds have been matched and the remainder are still in the Queue. The matched portion of your amount cannot be cancelled or amended, the unmatched portion can be.

7.5 Benefits and Risks of each Method

There are benefits and risks to both methods of exchanging

Method	Benefits	Risks
Best Rates Available Now	<ul style="list-style-type: none"> Your trade is executed immediately You are certain of the rate you achieve Fast and Simple 	<ul style="list-style-type: none"> You may have achieved a better rate by offering it on the market.
Making an Offer	<ul style="list-style-type: none"> You may achieve a better rate than those currently available 	<ul style="list-style-type: none"> Will take longer to execute No guarantee that the rate will be matched Rates may move against you and you may need to take a lower rate than was available immediately. Offers are considered live until you amend or cancel them.

7.6 Confirmation of Transactions

If you have executed your transaction online, by phone or email you will receive an email alerting you to the fact that you have been fully or partially matched. You

can then view your online CurrencyFair Account to see the full details of your transaction and your account statements. If required we can also send you a transaction confirmation by email for a specific transaction.

In respect of each FX contract, a confirmation of the transaction is available online in your Account. You must check the details on the confirmation and if any discrepancies are evident, inform CurrencyFair immediately.

8 Fees and Charges

8.1 Standard Rate Adjustment

CurrencyFair does not charge any direct fees for a FX contract. CurrencyFair derives a financial benefit by making adjustments to the rates offered by Clients on the website when they are viewed by the other party.

CurrencyFair applies a Standard Rate Adjustment (currently 0.15%) of the total amount exchanged. We reserve the right to adjust this Standard Rate Adjustment at any time but will notify you via the website if this occurs.

In effect, you pay for the FX contract by accepting the Exchange Rates as quoted on the website. However, please note that you are always transacting with CurrencyFair as your counterparty, NOT another Client of CurrencyFair.

The Spread may be considered to be the difference between the Interbank or Wholesale Rate and the rate at which you exchange on the website. The Spread incorporates our Standard Rate Adjustment.

The rates you see on the website are the Exchange Rates you will receive; no matter if you accept a rate on the website or you offer a rate and which is matched by another User(s).

For example, let's assume you are converting Australian Dollars to Pounds Sterling, and decide to Offer your funds on

the website at a rate of 0.6250 (You want 62.5 pence for every Australian Dollar you exchange). From the point of view of other Users with Pounds Sterling wanting to buy Australian Dollars, in the absence of the Standard Rate Adjustment, you would appear to be offering a rate of $1/0.6250$, or 1.6 Australian Dollars for every Pound.

Due to the Standard Rate Adjustment, your offered rate would actually appear to be lower than 1.6, in fact, it would appear as 1.5952. If another User takes up your Offer, this difference ensures that CurrencyFair makes a Standard Rate Adjustment of 0.15% on the total amount exchanged. In other words, to match with other Users, you in fact need to slightly overlap their Offered rate by enough to incorporate the Standard Rate Adjustment.

Unlike standard banks or brokers, which apply their margins directly to the Interbank Rate, we apply our Standard Rate Adjustment to the rates offered by other Users. This market mechanism means that even though our Standard Rate Adjustment is 0.15%, the actual rate received by different Users may differ from the Interbank or Wholesale Rate by more or less than 0.15%.

CurrencyFair provides liquidity, in order to ensure that customers always have access to an instant Exchange Rate even when there may not be other Users exchanging in the opposite direction at that moment. This liquidity takes the form of Best Available Now Rates on the website, and is usually set at between 0.5% and 0.6% away from the Interbank Rate. The position where liquidity is set can be wider at times, depending on the Currency Pair being exchanged, and market volatility.

CurrencyFair’s liquidity, combined with our Standard Rate Adjustment, has the combined effect of ensuring that all exchanges generally happen at rates between 0.6% worse than, and 0.3% better than, the interbank rate at the time the transaction takes place (subject to the conditions as specified in the previous paragraph).

This CurrencyFair liquidity, in effect, protects customers from receiving potentially bad exchange rates offered up by other parties on the website. As all customers are always matched at the best Available rates, if someone posts up a rate which is extremely good for them, but poor for other Users, then they will never be matched, because Users will instead match against CurrencyFair’s own liquidity rates.

We advise that all Users refer to independent sources of the current live Interbank Rate, such as those Available at www.xe.com, in order to assist them in deciding the actual total cost implied by any rate on the website.

8.2 Transfer Fees

CurrencyFair charges a fee for making a transfer from your CurrencyFair Account. The fee is quoted in the currency you are transferring however you have the option to pay in a different currency, provided you have enough funds Available on your account, in that currency. The transfer fee is applied when you request, via the website, your funds to be transferred to your chosen beneficiary. The transfer fee is deducted from the amount of available funds you have to send.

$$\text{Funds Available} - \text{Transfer Fee} = \text{Funds Available for Transfer}$$

We offer two types of transfer options; Standard and Priority.

Standard transfers are generally made via the local clearing systems and may take 2-3 days to be received by your beneficiary.

Priority Transfers are made via SWIFT and generally arrive on the same day or early the next day depending on cut-off times for bank clearing. Please see the table below for the current transfer fees in the relevant currency.

Currency	Standard Transfer Fee	Priority Transfer Fee
AED	15.00	50.00
AUD	4.00	10.00
CAD	4.00	10.00
CHF	4.00	10.00
DKK	25.00	65.00
EUR	3.00	8.00
GBP	3.00	7.00
HKD	25.00	85.00
HUF	1,000.00	2,500.00
NZD	5.00	15.00
PLN	10.00	30.00
SEK	30.00	80.00

SGD	5.00	15.00
USD	4.00	10.00
ZAR	25.00	85.00

8.3 Third Party Fees and Charges

Although CurrencyFair aims to avoid having additional third party fees deducted from your funds in some cases it is unavoidable. This may result in an amount less than you transferred arriving at the Beneficiary Account. CurrencyFair does not levy or receive these fees and is constantly looking for ways to enable our customers to avoid them.

Charges to Deposit to CurrencyFair – In most currencies CurrencyFair operate local bank accounts so sending your deposit into us is free (or next to free) via your internet or phone banking. Where we do not have local accounts your bank may charge you for depositing funds to our Client Accounts.

Correspondent Bank Fees – in some jurisdictions for some currencies financial institutions used as intermediaries may deduct an amount from the funds you are sending. This is beyond our control and we are not aware of who will charge and how much. We have done our best to cut out these charges by holding our bank accounts in the country you are sending funds.

Receiving Bank Charges – In some jurisdictions some banks and financial institutions may charge the beneficiary for receiving the transferred funds. We will try and alert you if we are aware but generally we will not know in advance. You should bear this in mind if you are paying the precise amount of an invoice or personal payment.

If you have any questions regarding the likelihood of third party fees being levied by intermediary banks or receiving banks, you should talk to one of the team.

9 Significant Risks

In deciding whether or not to enter into an FX contract you should be aware of the risks set out below. However, this section does not purport to disclose all of the risks associated with FX contracts. CurrencyFair recommends that you obtain independent financial, legal and taxation advice before you enter into FX contracts.

9.1 Opportunity Cost

By entering into an FX contract today to set a rate for settlement in the future, you are obliged to deliver under that FX contract even if the exchange rate improves prior to settlement. You may therefore forego any benefit of a favourable movement in the exchange rate between the time you enter into the FX contract and the settlement date.

9.2 Market risk

Market risk is the risk that the value of your FX position will change as a result of a movement in the underlying market price. If you enter into an FX contract without an underlying currency cash flow you should be aware that you will be exposed to changes in the market price. You will suffer a loss if the underlying foreign exchange rate moves unfavourably.

9.3 Counterparty Risk

When you deposit funds to a CurrencyFair Client Account to prefund your account in order to exchange you are taking the risk that CurrencyFair will be able to fulfil its obligations to you. This is known as Counterparty Risk.

FX contracts are not traded on a regulated exchange. Investors must deal directly with CurrencyFair to open and close positions. Given you are dealing with CurrencyFair 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 CurrencyFair to make payments in respect of the contracts are unsecured obligations of CurrencyFair, 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. If we default on our obligations, Clients may become unsecured creditors in an administration of liquidation and will not have recourse to any underlying assets in the event of our insolvency.

CurrencyFair 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, CurrencyFair must comply with the financial requirements imposed under its AFS Licence.

CurrencyFair constantly monitors the credit worthiness of its banking providers and ensures the protection and safety of client funds. We do not speculate on foreign exchange or invest user's funds for proprietary purposes. All client funds are held in highly liquid banking deposits. If our banking partners experience financial

difficulty and can no longer return the funds when requested, CurrencyFair may not be able to meet its obligations to you.

When you send your deposit to CurrencyFair you accept the risk that CurrencyFair can meet our obligations to you at the terms of the transaction.

Counterparty risk is limited as your funds are in most cases, exchanged and transferred to a beneficiary within a short space of time, usually 1-3 business days, depending on your requirements.

9.4 Client Monies

CurrencyFair holds all client deposits in segregated Client Accounts at highly rated financial institutions. This means that user's funds are held separately to our own. Please note that money you deposit into our Client Accounts is co-mingled with other client money in our client trust accounts (which is separate to CurrencyFair's monies/assets). Such monies are only applied to client trades/settlement obligations and to pay agreed fees etc, in line with the Corporations Act requirements.

Client monies which are held pending future transactions and payments are held in our segregated account in accordance with the Corporations Act. It is important to note that holding your money in one or more segregated accounts may not afford you absolute protection.

CurrencyFair 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 CurrencyFair on this account is determined by the provider of the deposit facility.

9.5 Foreign Exchange Risk

At various stages of the transaction cycle you may be exposed to foreign exchange rate movements that may result in you receiving a higher or lower rate.

You are exposed to FX rate movements from the time it takes for your deposit to reach our Client Account and to be cleared to your CurrencyFair Account. We regularly monitor our bank accounts and clear your funds as soon as possible to your account so you can exchange and lock in an FX rate.

Entering a Transaction

Once you have been matched the FX contract is irreversible and the rate is locked in. This means that you are no longer exposed to adverse rate movements but equally you will not benefit from any favourable moves in FX rates.

If you have made an offer on the market, FX rates may move against you and you may be forced to take a lower rate than was the Best Available Now Rates at the time you made the offer.

9.6 Operational Risk

There is a risk that our internal systems, IT systems, procedures or external events can cause financial loss to you. For example the website is unavailable when you wish to exchange and rates move against you.

CurrencyFair uses the latest technology to ensure the highest levels of availability of our services via the website. This includes dual redundancy on all core systems and a tested Business Continuity Plan.

Operational risks also arise from potential delays in communication via electronic means including email and telephone,

software and hardware faults and security breaches.

We also employ the highest levels of IT security including 128 bit encryption via Secure Socket Layer (SSL) technology. All CurrencyFair Accounts are secured by Username and Password and a six digit PIN for performing certain key operations. A registered email address is also used to communicate your activity on the site.

There is also the risk that our banking providers may make an error or have unscheduled delays in crediting your funds to our Client Accounts or transferring them to your Beneficiary Account. We chose our partners carefully and are confident that they can provide services to a standard of service as would be expected from our clients. While we constantly monitor our partners there is always the risk associated with payment processing due to system failures or errors.

There are important provisions to which you agree in relation to using our services in the Terms & Conditions agreed on registration.

9.7 No Cooling Off

No cooling off period applies to FX contracts.

10 Benefits of Using CurrencyFair

- Secure, convenient way to send your funds internationally.
- Highly competitive exchange rates due to the peer to peer mechanism.
- Low transaction fees.
- Simple execution.

- Online access to the market 24 hours a day 5 days a week.
- Full transaction records.
- Excellent Customer Service and dedicated staff (no call centres).
- Control over your exchanges.
- Transparency.

11 Suspending or Closing Accounts

CurrencyFair retains the right to suspend or cancel your CurrencyFair Account without prior notification as set out in the Terms & Conditions. We can also refuse to facilitate the execution of any transaction. This may be necessary in circumstances such as;

- Breaching one or more of the Terms & Conditions of use.
- A dispute between us.
- Failure to provide material information, or in our opinion the information is inaccurate or misleading.
- We believe you are involved in unlawful or illegal activities.
- In the event of your death or loss of mental capacity.
- If we are no longer able to supply the services detailed in this PDS.

12 Privacy Policy

Information collected from you at registration or in subsequent communications is used to manage your account, comply with our regulatory obligations and for us to determine your suitability as a client. CurrencyFair ensures

that it complies with all privacy laws including the Privacy Act 1988 (Cth). We have in place policies and procedures to ensure we remain compliant.

Your privacy is important to us. The information you provide CurrencyFair 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.currencyfair.com.au.

CurrencyFair handles your personal information in accordance with the terms set out in the Privacy Policy and Terms & Conditions, which forms part of the application process for the products included in this PDS.

We will retain information obtained from you only as long as required by our regulatory obligations. This includes information required in order for us to comply with applicable laws and regulations for the prevention of money-laundering and counter-terrorism financing.

Where we request documentation from you we urge you to use the secure upload on the website that allows you to send this information via an encrypted communication channel.

The law allows you (subject to permitted exceptions) to access your personal information. You can do this by contacting us using our contact details set out in this PDS.

Where necessary CurrencyFair will correct personal information where that information is found to be inaccurate, incomplete or out of date. We will not charge an individual for reasonable access and correction requests.

13 AML/CTF

By accepting our Terms & Conditions at registration you undertake that activity related to your CurrencyFair Account is in no way associated with unlawful or illegal activity. CurrencyFair is compliant with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth.)* and associated laws. By registering with CurrencyFair you undertake to notify us of anything that may put us in breach of this legislation and associated regulations.

You must supply personal details to us and where necessary documentation to assist us in verifying your identity. This may also be necessary for additional authorised signatories and directors and beneficial owners of corporate entities. From time to time we may be required to obtain further information to assist with ongoing obligations.

We may be required to provide the relevant authorities with information we have collected from you or any transaction records we hold. We will be unable to notify you of any such requests. We may also be required to suspend or cancel your accounts or delay the processing of transactions or payment requests.

14 Tax Implications

Tax implications may arise from any transaction or transfer of funds you enter into with us. Tax rules change from time

to time and individual circumstances are different. When determining whether or not this product is suitable for you, you should consider the impact it will have on your own taxation position and seek professional advice on the tax implications it may have for you. We recommend that you seek independent taxation advice before entering into transactions.

You should be aware of the *New Business Tax System (Taxation of Financial Arrangements) Act 2003 (Cth)* (the “Act”) that introduced foreign exchange tax rules from 1 July 2003. Broadly, this will have a significant impact on the time foreign exchange gains are brought to tax, foreign exchange gains are claimed as a tax deduction and the measurement of the foreign exchange gains and losses for income tax purposes.

The foreign exchange rules under the Act may apply if you:

- dispose of foreign currency;
- dispose of a right to receive foreign currency;
- cease to have a right or obligation to receive foreign currency; or
- cease to have a right or obligation to pay foreign currency.

The impact of the Act, subject to some exceptions, is generally:

- if you make a gain from a foreign currency arrangement and part of that gain is attributable to a currency exchange rate fluctuation, that part of the gain is included in your assessable income as a foreign exchange realisation gain;

- if you make a loss from a foreign currency arrangement and part of that loss is attributable to a currency exchange rate fluctuation, that part of the loss is deducted from your assessable income as a foreign exchange realisation loss.

15 Goods and Services Tax

No GST should be payable in relation to your FX contracts. 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 is payable on their supply. However, independent advice should be sought from your accountant or financial adviser confirming this, before acting in reliance thereon.

GST is not payable on any fees or charges associated with your transactions.

16 Disclosure of interest

When CurrencyFair enters into a transaction or provides services to you, CurrencyFair, an affiliate of CurrencyFair, or any other connected person (the 'Group') may have an interest, relationship or an arrangement that could be material in relation to the transaction or service concerned. This interest may include having a position in the instruments and currencies that may be the same, similar or opposite to the position you may hold and providing similar services to other counterparties (including Group companies). The Group will buy and/or sell these instruments, take differing positions or provide these services to other counterparties whenever it considered appropriate.

17 Dispute Resolution

CurrencyFair has an internal dispute resolution process that aims to resolve any complaints within 5 business days. Complaints should be directed to theteam@currencyfair.com, or by phoning our offices. Our primary contact for all complaints is the Compliance Officer. We will advise you of the process and hopefully reach a quick and satisfactory solution.

CurrencyFair Australia Pty Limited is a member of the Financial Ombudsman's Service (FOS) an external dispute resolution scheme. CurrencyFair Australia Pty Limited's membership number is 25795, and is responsible for all activities of CurrencyFair.

Where disputes cannot be resolved by our internal processes you have the right to complain to FOS. The contact details for FOS are;

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Australia

Telephone: 1300 780 808
Website: www.fos.org.au

You can also complain directly to ASIC via their info line 1300 300 630.

18 Glossary of Terms

AUD – Australian Dollar

Beneficiary Account – The bank account to which you request your funds be sent.

Best Available Now Rates – rates that are Available for the Client to exchange at immediately.

Client or User or you – the person or entity that holds an account with CurrencyFair.

Client Account - Segregated accounts held by CurrencyFair that are used to separate client funds from that of CurrencyFair itself.

Currency Pair – The two currencies that are being exchanged in the transaction.

CurrencyFair Account – refers to your account opened with CurrencyFair that you access via the website using your username and password.

Exchange Rate – represents the value of one currency in terms of another.

FX contract – is a transaction that involves a contract for the exchange of one currency for another at an agreed Exchange Rate.

GBP – Pound Sterling

Interbank or Wholesale Rate – The rates that are quoted for exchanges between large banks and financial institutions.

Spread – The difference between the interbank rate and the rate you receive on your exchange at the time of the transaction.

Website – Is where CurrencyFair displays the rates Available to Exchange and Offers in a particular Currency Pair.

Matching – The process by which the exchange takes place. When one User accepts a rate offered by another User. Please note that you will always be contracting with CurrencyFair Limited, and not any other user.

Offer – when you place your funds on the market at a specified rate, waiting to be matched by another user(s).

PDS – Product Disclosure Statement

Transfer Fee – The fee that is charged by CurrencyFair to process the transfer to your Beneficiary Account.

USD – United States Dollar

User- see definition of Client above

