



# Financial Services Guide

Pepperstone Group Limited

7 September 2018

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## 1. Financial Services Guide

- 1.1 This Financial Services Guide (“**FSG**”) is dated 7<sup>th</sup> September, 2018 and has been prepared by Pepperstone Group Limited (ACN: 147 055 703) (“**Pepperstone**”, “**we**”, “**our**”, “**us**”) in compliance with our obligations as the holder of an Australian Financial Services License (AFS License No 414530) (“**AFSL**”) issued by the Australian Securities and Investments Commission (“**ASIC**”).
- 1.2 This FSG has been designed to help you decide whether to use any of the products and services that we offer. The FSG is an important document and a regulatory requirement under the *Corporations Act 2001 (Cth)* (“**Corporations Act**”). It contains information about who we are, remuneration, any associations or relationships we may have with financial product issuers, details of any potential conflicts of interest, our internal and external dispute resolution procedures and how you can access them, information on how we handle your personal information, and how we can be contacted.
- 1.3 This FSG contains general information only. If you have further questions regarding this FSG please contact us.

## 2. Business Description

- 2.1 Pepperstone is an execution-only provider of over-the-counter (“**OTC**”) derivative products that provides trading solutions to wholesale and retail clients. Pepperstone was founded in 2010 by a management team with extensive experience in the foreign exchange and technology industries. We strive to provide our clients with a great trading experience through superior technology that uses low-latency executions, low-cost spreads and exceptional customer service.

## 3. How to Contact Us

Address:	Pepperstone Group Limited Level 16, Tower One, 727 Collins Street, Melbourne, VIC 3008
Telephone:	+61 (0) 3 9020 0155
Fax:	+61 (0) 3 8679 4408
Email Address:	<a href="mailto:support@pepperstone.com">support@pepperstone.com</a>

## 4. What Other Documentation Might You Receive?

- 4.1 Before you acquire a financial product through us, we’re required to issue you our Product Disclosure Statement (“**PDS**”) which contains information about the particular products and services that we offer, including the risks, benefits and features of the financial products. The PDS also details the fees and charges which may apply. We provide you with the PDS to assist you in making an informed decision about the financial product that you’re choosing to acquire from us.
- 4.2 We’ll also provide you with our Terms and Conditions.



## 5. Who We Are and the Products and Services We Provide

- 5.1 Our AFSL allows us to provide dealing and execution services in OTC derivative products, including Margin FX Contracts and CFDs, and provide general advice regarding these products.
- 5.2 When you trade in OTC derivative products with us, we act as principal and we are the issuer of the OTC derivative products.
- 5.3 Under the law regulating the provision of financial products and services, general advice and personal advice have special meanings and may differ from what you commonly understand. General advice can include direct or implied recommendations about financial products or services, whether general or for a class or kind of investor, and does not take into account your particular circumstances. General advice includes advice based on consideration of the investment alone (including by reference to current market conditions).
- 5.4 **We only provide general advice.** Any information that we provide to you in connection with our products and services does not take into account your personal objectives, financial situation or needs and should not be construed as personal advice.
- 5.5 We recommend that you seek independent advice, read the PDS and the Terms and Conditions and ensure that you fully understand the risks in light of your personal circumstances before making any trading decisions.

## 6. How to Instruct Us

- 6.1 You may give us dealing instructions via phone or the Pepperstone Trading Platform. If you give us instructions via telephone, you must confirm that such instructions have been effected by us by checking your account on the Pepperstone Trading Platform.
- 6.2 Any other form of communication that is not a dealing instruction may be made via phone, person, or in writing by post or email. Our telephone lines are recorded in order to provide a record of communication between you and us.

## 7. Fees, Commissions and Product Costs

- 7.1 We are entitled to any fees and commissions generated as a result of our provision of OTC derivative products to you. Our PDS provides detailed information about specific costs, transaction fees and charges associated with each of our financial products, as well as with different types of trading accounts that we offer. Further written details will be given to you on request.



7.2 The common fees and charges associated with the financial products offered by us may include any or all of the following:

**(a) Spreads:**

We may charge spreads (the difference between the bid and the ask price) on your contracts. In relation to our Standard accounts, our spread charges include an in-built fee of 1 pip for FX-related instruments.

**(b) Payment of margin:**

The 'margin' is the amount of capital required in your account for you to open a contract. The way that we calculate margin varies based on the instrument being traded and the details of the underlying asset. We recommend that you check the specifications of your contract to understand the amount of margin required.

For your convenience, we have a margin calculator available in your Secure Client Area, which you can access via the following link: <https://secure.pepperstone.com/calculators>.

**(c) Contract roll fees:**

Our soft commodity instruments operate on an ongoing basis and derive their prices from underlying futures contracts. For this reason, when one contract ends we must roll the price into a new contract. In order to avoid profit and loss discrepancies, we will issue a balance adjustment on your account to take into account the difference in price between the contracts.

**(d) Swaps/rollover fees:**

Our swap rate for FX-related instruments is a variable rate that is dependent on the currency pair, the applicable swap rate in the interbank markets according to the duration of the rollover period, the size of the contract and the spread charge that is applied at our discretion. The interbank swap rate that is applied reflects the interbank market demand of the interest rate differential between the two applicable currencies. The swap rate that is applied will also be tripled for contracts held on the Wednesday – Thursday roll over. Due to the settlement structure within the spot market, trades that are open on Wednesday will be settled on the following Monday, so there is a need to account for interest earned / charged over this period. It is suggested that you check the symbol specifications in the platform to see when the triple swap rate occurs as this can vary based on the asset class.

**(e) Administrative charges (Islamic accounts only):**

Swap Free / Islamic Accounts incur an admin fee for holding trades after a certain point in time. The structure of this fee varies based on the platform being traded. MetaTrader 4 will have an administration fee deducted every 2 days that the contract has been open and will re-occur every 2 days. Whereas the cTrader platform will charge after 2 days but then charge daily thereafter. The fee itself will vary based on the currency pair that is being traded and the prevailing interest rate differential of the underlying asset. In order to view the administration charge on each product, please view the Islamic Account page on our website ([www.pepperstone.com](http://www.pepperstone.com)).



**(f) Commissions:**

We may charge commissions on your trading account, which will be reflected when you place a trade. The amount of commission charged will vary based on the currency of your account and will increase/decrease in proportion to the size of the contract traded. MetaTrader 4 and MetaTrader 5 accounts will charge a fixed amount per lot regardless of the currency pair being traded however, cTrader accounts have a commission fee which is based on the notional value of the base currency pair traded. This charge is based on 3.5 units of the base currency.

**(g) Index dividends:**

When an individual stock which is a constituent of a cash stock index goes ex-dividend, this will have a weighted effect on that cash index, known as the "index dividend". We will credit long contracts and debit short contracts held in these markets with a cash adjustment at rollover. The rate applied as an "index dividend" is calculated at our absolute discretion, but will reflect underlying market conditions.

- 7.3 We may also receive or pay a rebate to our liquidity providers for trades conducted within our platform.
- 7.4 **Third party referrals:** Where your business has been referred to us by a third party, we may be required to share a percentage of the commission or other charge with the referring party. Where the conflict remuneration provisions of the Corporations Act apply, any such payment to third parties will only be made with your consent in advance and you're entitled to receive full details regarding any such payments upon written request.
- 7.5 Our staff are remunerated by way of salary and other employee benefits such as discretionary bonus which will be calculated based on a number of factors. Our staff aren't paid on a commission basis. No related body corporate of Pepperstone nor any director of Pepperstone or its related bodies corporate receive any commission or other benefits attributable to the OTC derivative products offered by us.

## 8. Privacy

- 8.1 We and our related companies collect, use and disclose your personal information to provide you with the products, services and associated support that you've asked for. We also use your personal information to respond to your enquiries or feedback and to promote products and services offered by us and associated third parties.
- 8.2 The Pepperstone Privacy Policy explains how we collect personal information about you and how we maintain, use and disclose that information. All information we collect about you will be handled in accordance with the Privacy Policy, which complies with the *Privacy Act 1998 (Cth)* and the Australian Privacy Principles under this Act. The Privacy Policy is available via the following link: <https://pepperstone.com/en/company-profile/legal-documentation>.
- 8.3 You can ask us not to use your information to promote our products and services by following the procedure outlined in the Pepperstone Privacy Policy.



## 9. Complaints

- 9.1 We follow a clear complaint resolution procedure. In the unlikely event that you're not satisfied with any aspect of our service, please contact our Support Team in the first instance by email at [support@pepperstone.com](mailto:support@pepperstone.com) or by phone on +61 (0) 3 9020 0155 (or toll free on 1300 033 375 for Australian residents).
- 9.2 If our support representative isn't able to resolve your issue then the matter will be escalated internally to the Pepperstone management team to investigate and handle.
- 9.3 We're a member of the Financial Ombudsman Service Australia ("FOS"), which is an approved external dispute resolution scheme that can deal with complaints about all of the financial services provided under our AFSL. Our FOS membership number is 28689.
- 9.4 If you're dissatisfied with our internal handling of your complaint, you have the right to lodge a complaint;
- (a) With the Financial Ombudsman Service Australia **if lodged before 1st November 2018**. Our membership number with FOS is 28689:
- Online: [www.fos.org.au](http://www.fos.org.au)  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Phone: 1800 367 287  
Mail: Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne Vic 3000; or
- (b) With the Australian Financial Complaints Authority **if lodged on or after 1st November 2018**;
- Online: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Phone: 1800 931 678  
Mail: Australian Financial Complaints Authority  
GPO Box 3  
Melbourne Vic 3000.
- 9.5 You may also make a complaint to ASIC via its free call info line on 1300 300 630 (for Australian residents).

## 10. Compensation Arrangements

- 10.1 In accordance with ASIC Regulatory Guide RG126 and Section 912B of the Corporations Act, we have Professional Indemnity Insurance in place which covers the work carried out by our representatives, employees and authorised representatives.



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