OMFMarkets

Product Disclosure Statement
FX Options

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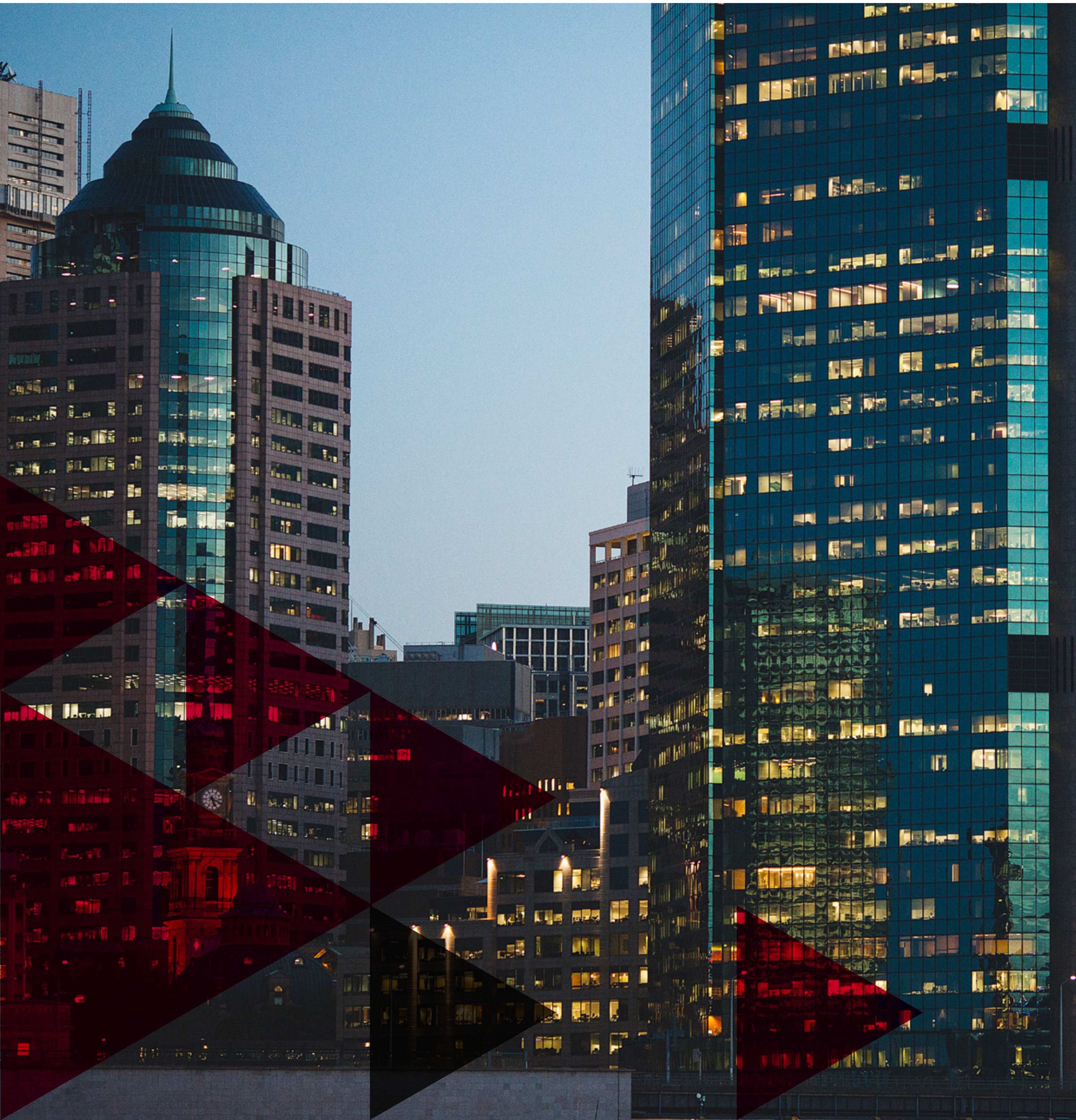

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Product Disclosure Statement – FX Options

Issued by OMF Australia Pty Ltd ACN 608 611 687 AFSL Number 485351

PDS dated 12 July 2016

Important Information and Disclaimer

The information in the Product Disclosure Statement (**PDS**) is provided by OMF Australia Pty Ltd ACN 608 611 687 (**OMF Australia**, **we** or **us**). We hold an Australian Financial Services Licence (AFSL) Number **485351**.

The PDS has been prepared to assist you to decide whether trading FX Options is appropriate for you. It does not take into account your financial objectives, situation or particular needs. This PDS does not contain any financial advice. It is not a recommendation or statement of opinion about the suitability of FX Options for your needs. OMF Australia recommends that you seek independent advice prior to entering into a FX Options contract with us to ensure that the product is suitable for your financial needs and objectives.

This PDS is not required to be lodged with ASIC. This PDS is intended for use by Australian clients. It is not intended to be an inducement for persons outside Australia to deal with OMF Australia.

If you decide to enter into a FX Options Contract with OMF Australia, you will also be required to sign the OMF Australia FX Master Agreement. This document contains the terms and conditions under which you transact with OMF Australia. You should keep this PDS, the Master FX Agreement and all other documentation relating to your transaction for future reference.

FX options contracts are traded over the counter ("OTC") between you and OMF Australia rather than through a recognised exchange therefore, OMF Australia is the counterparty to each transaction.

Warning

All foreign exchange products are subject to investment risk, including spot and forward deliverable foreign exchange contracts.

Risk arising from issuer's credit worthiness: When you enter into FX options contracts with OMF Australia, you are exposed to a risk that OMF Australia cannot make payments as required. While OMF Australia is required to meet financial requirements under its AFS licence and has implemented market and credit risk controls, you will be assuming a risk that we may become insolvent or unable to meet our obligations to you in a timely manner.

Risk that you may owe money under the derivative: If the value of the underlying currency changes, you may suffer losses. If you are the buyer of an FX Option, your losses are limited to the Option Premium paid. If you are a seller of an FX Option, unlike many other kinds of financial products, you may end up owing significant amounts of money. **Due to the potentially unlimited downside risk of selling (writing) options, OMF Australia will generally only allow retail clients to be a seller (writer) of an option when it is conducted as part of a Collar strategy.**

Your liability to make margin payments: OMF may require you to make additional payments in margin payments to contribute towards your future obligations is you are the seller of an FX Option. These payments may be required at short notice and can be substantial.

The risks set out in the Risk Warning may change from time to time. Please refer to our latest Product Disclosure Statement and Risk Warning available on our website www.omfmarkets.com

All examples used in this PDS are provided for illustrative purposes only. They are an example of one situation only and do not reflect the specific circumstances or the obligations that may arise under a derivative entered into by you.

If you have any questions you should ask before you enter into a FX Option Contract.

1. The Purpose of this PDS

This PDS sets out the following important information:

1. The Purpose of this PDS (this section)
2. Who is OMF Australia?
3. Key Features of FX Options
4. Risks of FX Options
5. Applicable Fees and Charges associated with FX Options
6. How can you enter into a FX Option contract with OMF Australia
7. Taxation
8. Privacy
9. What to do if you have a complaint
10. Anti-Money Laundering & Counter-Terrorism Financing
11. What to do if you have a complaint

This PDS does not constitute an offer to enter into a financial product with any person. It is a disclosure document that we are required to provide you under Australian law and is intended to assist you to determine whether entering into a FX Option contract with OMF Australia is appropriate for your financial circumstances and particular needs.

2. Who is OMF Australia?

This PDS sets out information on the FX Option Contracts made available to clients of OMF Australia Pty Ltd ACN 608 611 687 **(OMF Australia)**.

OMF Australia holds an Australian Financial Services Licence number 485251 (**AFSL** Under our AFSL, OMF Australia is authorised to provide the following financial services to 'retail' and 'wholesale' clients:

Financial product advice (both general advice and personal advice) on:

— Deposit and payment products limited to:
— Basic deposit products;
— Non-basic deposit products; and
— Non-cash payment products;
— Foreign exchange contracts;
— Derivatives;
— Australian carbon credit units;
— Eligible international emission units;

Dealing in financial products by:

— issuing, varying or disposing of
  — Derivatives; and
  — Foreign exchange contracts;

Applying for, acquiring, varying or disposing of the following financial products on behalf of another:

— Deposit and payment products limited to:
— Basic deposit products;
— Non-basic deposit products; and
— Non-cash payment products.
— Foreign exchange contracts.

— Derivatives
— Australian carbon credit units;
— Eligible international emission units

Making a market for:
— Foreign exchange contracts.
— Derivatives

If you have any questions, you can contact us at the following:
Ph: +61 2 8317 3131
Email: info@omfmarkets.com
Mail: OMF Markets
Suite 401, 45 Lime St,
Sydney 2000

3. Key Features of FX Options

Foreign exchange ("FX") is a term to describe the trading of currencies where one person buys a currency in exchange for another currency.

An FX Option is a foreign exchange product designed to assist you to reduce your foreign exchange risk. It may help you to manage a currency risk you are exposed to. For an explanation of FX options definitions please refer to clause 5.2 of this PDS. For an explanation of general FX trading terms, please refer to the OMF Australia Deliverable FX PDS.

An FX Option may be suitable if you have a good understanding of foreign exchange markets and have a genuine commercial need to manage currency risk associated with a particular Currency Pair. It should not be used for trading or speculative purposes.

An FX Option is a type of derivative and is a contract between you and OMF that gives the buyer of the FX Option the right but not the obligation to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date. The contract specifies the terms on which those payments and deliveries must be made if the FX Option is exercised.

Summary of FX Option products offered by OMF Australia

This PDS relates to the following types of FX Options which we may offer to you:
Vanilla Options:
— Call Options
— Put Options

Options Strategies:
— Collars

Call Options & Put Options

There are two basic or vanilla types of FX Options. An option with the right to buy the base currency of a currency pair (and sell the terms currency) is known as a call option, while an option that gives the buyer the right to sell the base currency of a currency pair (and sell the terms currency) is a put option. For both calls and puts there is a buyer and a seller of the contract.

	Buyer of option pays a premium and gets a	Seller of option receives a premium and has an
Call	Right (but not obligation) to Buy the base currency (and sell the terms currency)	Obligation to Sell the base currency (and buy the terms currency)
Put	Right (but not obligation) to Sell the base currency (and buy the terms currency)	Obligation to Buy the base currency (and sell the terms currency)

Buying an Option

If a person is of the opinion that a currency will move either up or down, then a straight purchase of a call or purchase of a put, respectively, may be the appropriate option strategy. This would provide a limited risk scenario. **The buyer of an option (also termed as the taker) can lose no more than the option premium**, whilst maintaining all the potential to benefits if the currency moves in the anticipated direction.

In most instances, OMF Australia will only allow 'retail client' (within the meaning of the **Corporations Act**) to buy FX options. The only exception to this is where a client enters into a Collar (refer below).

Selling an Option

The seller of an FX Option (also termed as the granter or the writer) has the reverse position to the buyer of the FX Option. They will receive the option premium paid by the buyer of the FX option. This is the only profit they can make from the trade.

If the FX option expires out-of-the-money, and / or is not exercised by the buyer of the FX option, the seller will receive the premium as profit. However, if the option expires in-the-money and is exercised, the seller will have to deliver the base currency to the buyer at the strike price. This means that the seller of an option technically has unlimited risk.

For this reason, where the Client is permitted to sell FX options to OMF Australia, the client will receive the premium on the option, but will be required to pay an initial margin to cover the **unlimited downside risk**. Throughout the term of the FX option, the client who has sold an FX option will also have to pay any variation margin on the sold option position if the currency moves against their option position. The seller's losses will continue to increase as the option moves further in-the-money.

As noted above, this theoretically places the option seller in a position of unlimited loss with the potential for profit capped at the amount of premium received. Unlike the buyer, the seller has an obligation under an option contract and must deliver the base currency if the option is exercised.

Warning: Due to the potentially unlimited downside risk of writing options, OMF Australia will generally only allow retail clients to be a seller (writer) of an option when it is conducted as part of a Collar strategy.

As noted above, generally OMF Australia will only allow 'retail client' (within the meaning of the **Corporations Act**) to buy FX options. The only exception to this is where a client enters into a Collar (refer below).

Collar

Two or more options can be combined to create an option strategy. A common option strategy is a Collar.

A **Collar** involves you buying an Option from OMF Australia (eg, a Put Option) and simultaneously selling an Option to OMF Australia (eg, a Call Option) and allows you to manage risk within a band.

This option strategy can be used to reduce option premium payable but still provides protection, limited to currency movements within the band specified.

A **Zero Cost Collar** is an option strategy where an option is bought and the premium is fully funded by selling another option.

Warning: Entering into a collar will reduce the protection an option buyer will receive. The option buyer will only be protected against currency movements between the strike price on the bought option and the strike price on the sold option. If the currency moves outside that band, the collar buyer will be unprotected.

Terms relating to FX Options

FX Options are traded over the counter ("OTC") between you and OMF rather than through a recognised exchange.

These are private transactions that can be specifically tailored to the investor's needs and allow investors to manage exchange rate risk; especially for foreign currency denominated transactions that you know will take place at a specific date in the future.

FX Options have a number of key features and terms that clients should be familiar with before investing in FX Options.

Currency pair

Quotes for FX are for a currency pair, for example, AUDUSD. The first currency (AUD) is known as the base currency and the second currency (USD) is referred to as the terms or quote currency.

The price represents how much of the quote currency is needed for you to get one unit of the base currency. For example, AUDUSD 0.7500 means it takes 75 US cents to buy $1 AUD.

Most currencies' exchange rates are floating (they are not fixed or pegged at a particular level) and fluctuate according to the forces of supply and demand.

OMF Australia offers FX Options in most major currency pairs including AUDUSD, NZDUSD, USDJPY, EURUSD, GBPUSD, USDCHF and USDCAD and AUD and NZD cross rates e.g. AUDNZD, AUDJPY, AUDGBP.

American and European Style Options

American style options can be exercised at any time up to and including the day they expire as opposed to a European style option, which can only be exercised at expiry. OMF Australia provides European style FX Options to retail clients.

Exercise price strike price

The **exercise price** or strike price is the pre-agreed exchange rate at which one currency will be exchanged for another currency if the option is exercised. The level of the strike price relative to the market rate (spot price) will determine the value or cost of the FX option.

Example: an importer may buy a 3 month put option on the AUD/USD at an exercise price of 0.7600. If the option is exercised, the option buyer will sell AUD and buy USD at the exercise price of 0.7600 while OMF Australia as seller of the put option will receive AUD and deliver USD to the importer at the exercise price of 0.7600.

Option Premium

The **Option Premium** is the cost or price of the option. It is expressed in the same units as the underlying currency and in FX Options is expressed in FX points (also termed currency points) or cash value.

One point is the smallest price change that an exchange rate can make. Most currencies are priced to four decimal point. (Thus one point equals 0.0001, two points equals 0.0002). Each FX Option is individually priced.

In our example above the option premium may be 65 FX points of USD which is USD $6,500 per AUD $1 million face value.

The buyer of the option pays the seller the premium at the time the option is entered into.

Factors that can influence the price of the option include:

— distance of **exercise price** from the current exchange rate

— contact amount and term

— interest rates and forward margin for the term

— margin

— time to maturity for the option

— volatility of the underlying market

— event risk

Face Value (contract amount)

The minimum contract amount (face value) is AUD 100,000 or equivalent in another currency.

Intrinsic Value of an FX option

The intrinsic value of an FX option is the difference between the **exercise price** and the spot price (market price) at any given time.

For a call option, the intrinsic value is the spot price less the exercise price, while for a put option it is the exercise price less the current spot price.

An option is **in-the-money** if the intrinsic value is positive ie the exercise price is better than the current exchange rate (ie the option will be exercised by the buyer) and out-of-the money if the intrinsic value is negative ie the exercise price is worse than the current exchange rate (ie the buyer of the option will let the option lapse and will purchase the base currency in the market at the prevailing spot price).

Buying vanilla options

A vanilla option is a normal call or put option that has no special or unusual features.

Buying a call option

By buying a call option, you know the worst case exchange rate and can take advantage of any favourable movements in the exchange rate. On expiry date, you can choose to:

1. exercise the option you bought (and buy the base currency and sell the terms currency at the exercise price); or
2. let the option expire

Example:

The risk of AUDUSD appreciating can be managed by purchasing a call option. Buying a call option gives the purchase the right but not the obligation to buy AUDUSD at a predetermined price (called the strike price) on the expiry of the call option should AUDUSD be trading higher than the strike price.

An exporter is receiving a payment for $750,000 USD in the future and wants to buy a call option to protect against an appreciating AUD. The exporter buys a call option for 3 months with a strike price of 0.7500. In 3 months time, if AUDUSD is above 0.7500 the exporter has the right to buy AUDUSD at 0.7500. Conversely if AUDUSD is under 0.7500 in 3 months time the exporter will not exercise the option and the option will expire worthless.

Let’s sat the premium charged for buying the call option in our example is 10 FX points or 0.0010 (ie $1000 USD). To determine the all up rate of the call option hedge the premium is added to the strike price which in our example would equal 0.7510 (0.7500 strike price plus premium of 0.0010).

This means the exporter is effectively locking in a worst case exchange rate of 0.7510.

Buying a put option

By buying a put option, you know the worst case exchange rate and can take advantage of any favourable movements in the exchange rate. On expiry date, you can choose to:

1. exercise the option you bought (and sell the base currency and buy the terms currency at the exercise price); or
2. let the option expire

The risk of AUDUSD depreciating can be managed by purchasing a put option, which gives the purchaser the right but not the obligation to sell AUDUSD at a predetermined rate (called the strike price) on the expiry of the put option should the AUDUSD be trading lower than the strike price.

Example:

An importer needing to sell AUD $1,000,000 and purchase USD wants to buy a put option to protect against a weakening AUDUSD. The current AUDUSD market (spot rate) is at 0.7250 and the importer buys a put option for 3 months with a strike price of 0.7000 for a premium of 10 FX points (0.0010). Should AUDUSD be trading below 0.7000 on the expiry of the option the importer will have the right but not the obligation to sell AUDUSD at 0.7000. Should the spot FX market be trading above 0.7000 on expiry, the importer will not exercise the option and the option will expire worthless and the importer can sell AUDUSD at market.

When determining the all up hedge rate for the importer the option premium must be subtracted from the strike price (strike price 0.7000 minus the option premium 0.0010 all up hedge rate 0.6990).

Creating a Collar

A Collar is an FX options strategy created by purchasing an option and selling another, in the same currency pair and with the same expiry date. The strike prices of the two options create a range within which the exchange rate can fluctuate without either option being exercised. If the exchange rate on expiry date is outside this range, either the call option or the pull option will be exercised. This allows a best case and worst case exchange rate to be established.

By selling an option, you know the best case exchange rate and generate cash flow because you receive an Option Premium. By buying an option, you know the worst case exchange rate and pay an Option Premium. A Collar is often created as a **Zero Cost Collar** so that there is no Option Premium paid as the Option Premium incurred by purchasing one option is offset by the Option Premium earned for selling the other.

Example:

In the case of the importer if the spot market is at 0.7250, they can purchase the put option with a strike price of 0.7000 to protect against a weakening AUD for 10 FX points (0.0010). This means that if AUDUSD is below 0.7000 on expiry they have the right but not the obligation to sell AUDUSD at 0.7000.

To fund the purchase of the put option, the importer can sell a call option with a strike price of 0.7500 for 10 FX points (0.0010). Here should the spot FX rate be above 0.7500 on the expiry date of the option, the importer is obligated to sell AUDUSD to the purchaser of the FX option at 0.7500.

This strategy allows the importer to sell AUDUSD anywhere between the strike prices of 0.7000 and 0.7500 on the exercise date. Should the spot FX rate be below 0.7000, the worst rate the importer will sell at will be 0.7000, and should the FX rate be above 0.7500 on expiry of the option the best rate the importer will sell AUDUSD at is 0.7500. The cost of this hedge strategy is zero as the premium for the purchase of the put at 0.7000 is funded by the sale of the call at 0.7500.

4. Benefits of FX Option Contracts

Businesses often need to exchange foreign currency at some future date. Most currency exchange rates are floating (they are not fixed or pegged at a particular level) and fluctuate according to the forces of supply and demand, thus creating an unpredictable environment for businesses exposed to foreign currency.

The main reasons for engaging in FX Options are:

— FX Options give you flexibility when hedging to limit the potential risk of fluctuating exchange rates. It provides the ability to fix an exchange rate now for the future delivery of a currency. This certainty of the amount payable on the future date provides improved money management of cash flows and costs.

— As an FX option is an OTC derivative, the terms can be tailored for the particular risk that a business wants to hedge.

— Unlike other derivatives, bought FX Options limit the loss of the buyer of the option to the Option Premium.

— If you buy an FX Option, you know the worst case exchange rate. However, unlike Forward Deliverable FX, you can still benefit should the exchange rate move in your favour.

— If you sell an FX Option, you generate cash flow because you will receive the Option Premium, however, you should be aware that by selling an FX option the maximum benefit you can receive is the amount of the premium and if the exchange rate moves against the position, you will be exposed to unlimited risk.

5. Risks Associated with FX Option Contracts

This section outlines the material risks in dealing in FX Option Contracts. You should therefore consider these risks very carefully to decide whether FX Option Contracts are suited to your personal circumstances and particular needs.

Risk arising from issuer's credit worthiness

When you enter into FX Option contracts with OMF Australia, you are exposed to a risk that OMF Australia cannot make payments as required. Credit risk is the risk that we will be unable to perform our contractual obligations to you (i.e. pay the beneficiary account the agreed amount at the agreed time).

FX Options are OTC derivatives

OMF Australia is not obliged to sell or buy back this product before the settlement date and it cannot be traded on a market with anyone else.

Currency risk

Foreign currency markets are volatile and there is a risk that exchange rates will move adversely against you (known as currency risk). If at the expiry date the option is out-of-the money, the buyer will abandon the option and it will expire without any remaining value. However, the buyer will have paid the premium which is non-refundable.

Risk that you may owe money under the derivative

If the value of the underlying currency changes, you may suffer losses. If you are the buyer of an FX Option, your losses are limited to the Option Premium paid. If you are a seller of an FX Option, unlike many other kinds of financial products, you may end up owing significant amounts of money. **Due to the potentially unlimited downside risk of selling (writing) options, OMF Australia will generally only allow retail clients to be a seller (writer) of an option when it is conducted as part of a Collar strategy.**

Your liability to make margin payments

OMF may require you to make additional payments in margin payments to contribute towards your future obligations is you are the seller of an FX Option. These payments may be required at short notice and can be substantial. This is discussed in Section 7.4.2.

Delay in receiving funds

Delays may happen due to technical or administrative problems by us or by intermediaries for reasons that are outside our control.

Operational Risk

Risks in relation to our trading platforms are inherent in every FX contract, including FX Options. For example, disruptions in our operational processes such as communications, computers, computer networks, software errors and bug or external events may lead to delays in execution and settlement of transactions.

No Cooling Off

There is no "cooling off" period for FX Options. That is, you can't change your mind after you've entered into an FX Option (unless we allow otherwise).

Early Termination and Extensions

Unlike other FX contracts, an FX Option entered into with OMF Australia cannot be terminated before the Settlement Date or extended.

Legal risk

Australia is a member state of the United Nations and must implement United Nations Security Council sanctions; it may also implement other international sanctions and impose sanctions of its own. Sanctions can cover various subject matters including financial restrictions, which may have the consequence of meaning we can’t deal with certain persons, entities or currencies. This means that if we become aware that you are such a person or entity, then we may be required to suspend, cancel or refuse you services or close or terminate any account, facility, transaction, arrangement or agreement with you. This may be at a significant cost to you.

6. Applicable Fees and Charges Associated with FX Option Contracts

This section sets out the fees and charges that OMF Australia may charge on FX Option Contracts.

Remember that your FX transaction may be subject to government taxes and duties (if any). These may vary from location to location.

OMF will charge clients commissions on FX Options depending on the volume of transactions and service requirements of the client.

Fees are typically agreed between clients and their OMF dealer during the account opening process but can be re-negotiated at any time in the relationship.

Standard Fees and Charges

Options Premium

The buyer of the option pays the seller the premium at the options inception.

Clients should also be aware that the FX Option rate that we provide you may from time to time differ from the rate in which we obtain from our counterparty in the marketplace. This is because OMF Australia hedges all our client positions to mitigate risks to both our clients and the firm. This is commonly known as a 'spread'.

The spread is not a fee or commission payable by the client and the quotation price of an FX Option is not reflective of a spread, however, clients should understand that OMF Australia may receive revenue from this.

Interest

Interest on funds held in your trading account

Clients receive interest on accounts that have a credit balance. Typically the interest rate for accounts in credit will be a maximum of 2.0% below OMF Australia's base rate. OMF Australia's base rate is based the Official Cash Rates ("OCR") of each country for the currency in which the trading account is denominated and are subject to change at any time.

You may hold funds in your trading account in Australian dollars (AUD), US dollars (USD) and New Zealand dollars (NZD).

WARNING: For the purposes of calculating interest, each account will be treated as a separate account.

If the official cash rate for the applicable currency is more than 2% per annum, OMF Australia pays interest on the credit balance of the AUD, USD and NZD funds held in your trading account at 2% per annum below the official cash rate for the applicable currency.

The Australia official cash rate is published by the Reserve Bank of Australia on its website www.rba.gov.au.

The US official cash rate is published by the Board of Governors of the Federal Reserve System on its website www.federal reserve.gov and the NZ official cash rate is published by the Reserve Bank of New on its website www.rbnz.govt.nz

You can find out the interest rate paid on funds held in your OMF Australia trading account at any time by contacting us info@omfmarkets.com

Interest is calculated daily on the credit balance in your OMF Australia trading account at the daily interest rate (ie the annual percentage rate divided by 365 for AUD and NZD and the annual percentage rate divided by 360 days for USD) and is credited to your OMF Australia trading account on the first business day of the following month.

If you do not provide us with your tax file number, withholding tax will be deducted from any interest earned.

Default Interest Rates

As noted above, you may hold funds in your trading account in Australian dollars (AUD), US dollars (USD) and New Zealand dollars (NZD).

WARNING: For purposes of calculating interest, each trading account will be considered separately.

However, if your trading account has a debt balance (negative funds) in any of your AUS, USD or NZD balances, OMF Australia will charge you interest. OMF Australia will charge you interest for the debit balance on that currency's trading account, even if the total funds in your trading accounts are in credit.

If your OMF Australia trading account goes into deficit at any time, you will be required to pay default interest. Default interest is charged at the official cash rate plus 2% of the currency of your account. For example, the Australia official cash rate is published by the Reserve Bank of Australia on its website www.rba.gov.au and the OMF Australia Default Rate will be the RBA official cash rate plus 2%. Similarly, the US official cash rate plus 2% is charged on negative balances of a USD and the NZ official cash rate plus 2% is charged on negative balances of a NZD trading account.

Interest is calculated daily on the debit balance in your OMF Australia trading account at the daily interest rate (ie the annual percentage rate divided by 365 for AUD and NZD and the annual percentage rate divided by 360 days for USD) and is charged to your OMF Australia trading account on the first business day of the following month.

Termination or Alteration Fees

The only way to terminate an FX option once it is entered into is to offset your existing position by entering into another FX option for the opposite position in the dame currency pair for the same term.

However, there is never a need to terminate a bought FX option as the contract gives you rights but no obligations on the expiry date.

Therefore, there are no specific fees charged for closing a FX Option, however, as you effectively have to take buy an FX option with the same expiry and currency pair as the sold option to neutralise the option risk, OMF Australia will provide you with a quote for this.

Foreign currency transfer fees

In addition to fees associated with FX Options, OMF Australia may charge the following fees that are associated with the operation of your OMF Australia trading account.

OMF will charge payment fees on withdrawals from your OMF Australia trading account if:

- The payment is a foreign currency transfer
- The payment is to an overseas beneficiary
- The payment is in AUD to an Australian bank account, but is a 'same day' transaction

These fees are typically a dollar figure amount and are charged at the time of the payment.

Full details of these fees are available on OMF Australia's website www.omfmarkets.com.

7. How to Enter into an FX Option Contract with OMF Australia

An FX Option is a legally binding bilateral agreement between you and us.

If you'd like to enter into an FX transaction with us, you'll first need to apply to be a client of OMF Australia (see below) and enter into a Master FX Agreement with us.

Opening an Account with OMF Australia

If you wish to open a trading account with OMF Australia, you must:

- Read and agree to OMF Australia's Master FX Agreement;
- Complete the OMF Australia Client Application Form
- Return the OMF Australia Client Application Form to us with the relevant required documentation

The documents above are available on OMF Australia's website at www.omfmarkets.com or upon request at +61 2 8317 3131.

OMF Australia reserves the right to request further documentation, where necessary.

OMF Australia is under no obligation to accept you as a client.

Placing an Order

Once you are a client of OMF Australia, you can place orders by contacting the OMF Australia dealing desk during business hours or online (using our OMFx24 trading platform) available 24 hours 7 days a week.

Before using the OMFx24 system you should view the 'demo account' demonstration to enable you to become familiar with the system.

The operation of the OMFx24 system has been outsourced to OM Financial Limited (www.omf.co.nz) and OMF Australia relies on this third party provider to regularly update and maintain the performance of OMFx24.

You may also request a quote for an FX option from your OMF Australia dealer by providing the following terms:

a. Currency pair

b. Expiry date of the option

c. Strike price/s

d. The options type – put or call or collar

e. Contract amount (Face Value)

If you accept the quote, you have entered into an FX Options contract with OMF Australia. We will send you a confirmation detailing the terms of the contract and instructions for the payment of the Options Premium and/or any margin requirement.

You must, amongst other things, ensure that you have enough cleared funds available in your OMF Australia trading account to cover the premium and/or initial margin of that FX Option.

How to transfer funds to your OMF Australia trading account

In order to trade FX Options with OMF Australia, clients must deposit funds with OMF Australia in one of our client trust accounts. OMF Australia holds a number of client trust accounts in different currencies and these bank details will be provided to you. You are able to choose the currency in which you wish to transfer funds to OMF Australia and the funds can be retained in that currency or you are able to instruct OMF Australia to convert to another currency on your behalf.

OMF Australia requires that funds transferred electronically from clients must originate from a bank account in the same name as the client's OMF Australia trading account. Any deposits from third parties or of unidentified origin may be subject to additional compliance review or delays in allocating funds to your OMF Australia account. OMF Australia reserves the right to return any third party funds to the remitting bank.

We only accept payments to one of our client trust accounts through electronic transfer and upon receipt of these, they are considered to be cleared funds and available for your trading use.

To confirm whether funds have been received, you can contact OMF Australia during business hours.

Settling FX Options transactions with us

Once you have accepted a quote in respect of an FX Options contact and enter into an FX options contract with us, you are obliged to honour your obligations under that FX Option contract. Unless the FX documentation says otherwise, you'll need to ensure that you have sufficient cleared funds in the base currency accessible to us on the settlement date so that the FX transaction can occur if exercised.

Options Premium

The Options Premium plus any applicable fees due must be paid to OMF Australia on the date the premium date specified in your confirmation.

Margin

Clients who wish to sell an FX Option contract are required to fund their OMF Australia trading account with a 'margin' to offset delivery risk if the currency pair moves against them. The seller will receive the Options Premium on trade date but will also have pay an initial margin on trade date. If the currency pair moves against the option seller, they will also have to pay variation margins until the expiry date.

The margin is a calculated percentage of the transaction value and is generally 5% to 10% of the notional face value.

Initial Margin

An initial margin is the amount of money that is required to be deposited for each sold FX Option and Collar contract that you have open, and covers the credit risk that you pose to OMF Australia. This is held as security against adverse price movements in the market. It is important to note that the initial margin represents the minimum amount of money that OMF Australia must collect from its clients.

Initial margins are calculated for each FX Options contract sold and may vary by currency pair.

For example, on a $1m AUD/USD position the seller of a 0.7600 strike call or put will pay 5% of USD $760,000 or USD $38,000 initial margin plus any applicable fees and commissions.

Your OMF Australia dealer will advise you of your initial margin requirements for any FX Options you wish to trade.

Variation Margin and Margin Calls

Variation margin is the amount of additional money that is required to maintain each sold FX Option and Collar for changes in the market price.

Every day, OMF Australia compares the seller's strike price for the FX Option with the spot price And, acting reasonably, determines the amount of the variation margin (if any) that the Client is required to transfer to the Client's trading account. Where the Client is required to pay a variation margin, the amount of the variation margin must be transferred to the Client's trading account in cleared funds within 48 hours of request by OMF Australia.

Should the market continue to move adversely, you may continue to be 'margin called' and may be required to deposit additional variation margin to your Client trading account.

OMF Australia's margin calls are calculated in the currency that you will be required to sell if the option is exercised.

Margin calls are normally made at the beginning of the day for FX Options, but can be made at any time between 9.00 am and 5:00 pm Australian Eastern Daylight Time ("AEDT") Monday to Friday ("Business Hours").

You will be contacted by an OMF Australia dealer by phone, text or email to advise you of your margin call.

In the event of a margin call you will be asked to either close out the FX Option (by entering into an equal and opposite option (see section 8.1.4 re terminating options) or send additional funds to cover the margin call.

It is your responsibility to maintain current margin requirements on your FX Option and meet your margin call in cleared funds within 48 hours if request by OMF Australia. Failure to do so will result in OMF Australia closing out your FX Option. You will remain liable for any costs or losses incurred by OMF Australia in closing out your FX Option.

You must ensure that you are contactable by OMF Australia during business hours if you have sold an FX Option. If OMF Australia is unable to contact you in relation to a margin call, OMF Australia may close all or some of your positions.

We strongly suggest that if you know that contact may be difficult, then you make alternative arrangements for payment in the event of a margin call.

Settling the FX Option

FX Options with OMF Australia will either be exercised or expire worthless at the date of expiry.

If an FX Option expires worthless, the client does not need to do anything. The FX Option will automatically be removed from their OMF Australia account statement after the option has expired.

If the buyer of the FX option exercises the FX Option, then the transaction will automatically be transferred into a spot foreign exchange position and the position will be settled within 2 business days. The AUD or foreign currency that you are paying to us must be transferred as cleared funds to your OMF Australia trading account. We will provide you with settlement instruction on the confirmation note. You will also need to advise OMF Australia of the settlement instructions for the currency you will receive by completing the Settlements Instruction Form or by emailing details of the beneficiary and back account details.

You should be aware that OMF Australia does not offer cash settlement (being the difference in value between the contract amount at the spot rate and the contract amount at the strike rate) of FX Options (unless this forms part of the FX Option quote).

You cannot effectively 'alter' or 'terminate' an FX Option, you can, however, request that OMF Australia quotes for another FX Option which will effectively neutralise the risk of your option. If this occurs, then at the time of the requested sale, OMF Australia will calculate at the prevailing option price and may require additional Options Premium and/or margin.

8. Taxation

It's very important to remember that entering into FX Options Contracts may have tax implications. These can be complex and are invariably specific to your circumstances and you should discuss any taxation issues with your tax adviser before entering into FX Options Contracts with OMF Australia.

9. Privacy

The protection of your personal information is important to us. Any personal information collected will be handled in accordance with our Privacy Policy.

To provide you with our services, we maintain a record of the information you provide to us, including your personal profile, and details of your objectives, financial situation and needs. We also maintain records of any recommendations made to you (including recording your phone calls with us).

Our Privacy Policy details how we comply with the requirements of the Privacy Act in the handling of your personal information. A copy of that policy can be obtained by visiting our website at www.omfmarkets.com. If you would like a copy of the information we hold about you, please contact your adviser. We may charge you a nominal cost for accessing and/or photocopying personal information that you request.

10. Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF)

Under anti-money laundering and counter-terrorism financing legislation we must be sure of your identity and hold certain information about you. So that we can comply with the law, you agree that we may:

— require you to provide to us, or otherwise obtain, any additional documentation or other information;

— suspend, block or delay transactions on your account, or refuse to provide services to you if we suspect that any transaction may breach any law in Australia or another country; and

— report any, or any proposed, transaction or activity to any body authorised to accept such reports relating to anti-money laundering and counterterrorism financing or any other law.

11. What if You have a Complaint?

If you have a concern about the service received from us, please contact us by writing to:

Compliance Officer
OMF Australia Pty Ltd
Suite 401, 45 Lime St,
Sydney 2000

You can also contact us by emailing info@omfmarkets.com or telephoning our Compliance Officer on +61 2 8317 3131.

Following receipt of your concern, the Compliance Officer will acknowledge receipt of it in writing and provide an estimate of the time it will take to investigate the circumstances. The Compliance Officer will then investigate your concerns and contact you if further information is required. Following such investigation, the Compliance Officer will provide you with a written response.

If we are unable to resolve your concerns to your satisfaction, you may choose to lodge a complaint with Financial Ombudsman Service (FOS). The contact details for FOS are:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Ph: 1300 367 287
Fax: (03) 9613 6399
Website: fos.org.au
Email info@fos.org.au

FOS will investigate the complaint and make a determination. This is a free service for you.

Trust, Expertise & Passion

OMF Markets

OMF Markets is a registered business name of
OMF Australia Pty Limited ACN 608 611 687 AFSL 485351