



## INTERACTIVE BROKERS LLC PRODUCT DISCLOSURE STATEMENT FOR FUTURES & FUTURES OPTIONS TRADED ON THE SYDNEY FUTURES EXCHANGE

- Interactive Brokers LLC (ARBN 091191141; AFSL 245574) (“IB”) provides this Product Disclosure Statement (“PDS”) for exchange traded futures and futures options on the Sydney Futures Exchange (“SFE”). YOU MUST READ THIS DOCUMENT IN FULL BEFORE TRADING SUCH PRODUCTS.
- Some features and benefits of futures and futures options, including taxation implications, are detailed below.
- As detailed more fully below, futures and futures options are highly-risky investments. You should familiarize yourself with all the risks involved before trading such products.
- IB’s commissions and fees are available on the IB website at [www.interactivebrokers.com](http://www.interactivebrokers.com).
- General information regarding margin is set forth below, and IB’s margin policies are available on the IB website at [www.interactivebrokers.com](http://www.interactivebrokers.com). You acknowledge, however, that **IB GENERALLY WILL NOT ISSUE MARGIN CALLS, THAT IB WILL NOT CREDIT YOUR ACCOUNT TO MEET INTRADAY MARGIN DEFICIENCIES, AND THAT IB GENERALLY WILL LIQUIDATE POSITIONS IN YOUR ACCOUNT IN ORDER TO SATISFY MARGIN REQUIREMENTS WITHOUT PRIOR NOTICE TO YOU.** You have also acknowledged that you have received and reviewed IB’s Disclosure of Risks of Margin Trading provided separately by IB and available on the IB website.
- As detailed more fully below, IB is an SFE participant. Customers’ executed trades shall be cleared by Fortis Clearing Sydney Pty Ltd (“Fortis”), an SFE Clearing Corporation Pty Ltd (“SFE Clearing”) participant.
- The availability of additional information, including market data, is set forth below.
- Information regarding the availability of dispute resolution forums is detailed at the end of this document.
- IB has prepared this document in accordance with the requirements under the Australian Corporations Act (2001). While IB offers exchange traded futures and futures options on worldwide exchanges, the focus of this PDS is primarily on IB’s activities in Australia. You should note that transactions on derivatives exchanges outside Australia are generally subject to the exchange rules and laws of that jurisdiction.

*The information in this Product Disclosure Statement (“PDS”) does not take into account your personal objectives, financial situation and needs. Before trading in the products referred to in this PDS you should read this PDS and be satisfied that any trading you undertake in relation to those products is appropriate in view of your objectives, financial situation and needs. Inasmuch as Interactive Brokers LLC employees are not authorized to provide you with any advice or recommendation, you should consult your independent financial advisor or obtain other independent advice before trading in exchange traded futures and futures options.*

### **Purpose of this PDS**

Interactive Brokers LLC (ARBN 091191141; AFSL 245574) (“IB”) has prepared this PDS for your review to assist you in determining whether you should engage in trading exchange traded futures and futures options on the Sydney Futures Exchange (“SFE”). This document does not constitute a recommendation or solicitation to engage in such trading. Rather, this document is meant to help you evaluate the risks and rewards of trading futures and futures options on the SFE and whether they are appropriate for your investment objectives and financial situation.

Under the Australian Corporations Act, where IB enters into an exchange traded derivative on a customer’s behalf, IB is regarded as having issued the derivative to the customer. IB’s contact details are as follows:

Interactive Brokers LLC

AFSL 245574

ARBN 091191141

One Pickwick Plaza

Greenwich, CT 06830

203-618-5763

### **Features of Futures and Futures Options Contracts**

An exchange traded futures contract is an agreement, traded on a derivatives exchange, to deliver or take delivery of a specified amount of a security or a commodity of a given grade or quality, or to make a cash adjustment based on a change in the price of the commodity, financial instrument, security or stock indices at an agreed time in the future.

Exchange traded futures contracts are issued for periods of up to several years in the future. The time of delivery or settlement for exchange traded futures contracts is one of a series of standardized maturity times.

Option contracts traded over futures contracts (futures options) represent the right to enter into a futures contract at the exercise price of the futures option granted in return for a premium. The seller is then under the obligation to enter into a futures contract at the exercise price of the futures option if the option is validly exercised.

It is important to distinguish between futures options and exchange traded options. If a futures option is exercised, it results in the establishment of a futures contract, but, if an exchange traded option is exercised, it results in making or taking delivery of the actual commodity or instrument underlying the option, or making a cash adjustment based on a change in the price of the commodity or instrument or on the movement in an index.

## **Possible Benefits of Exchange Traded Futures and Futures Options Contracts**

Some people engage in trading derivatives contracts to provide those who deal in the traded commodities, financial instruments and securities with a way to hedge the associated risks related to changing prices for their investments. Others may speculate (i.e., attempt to benefit from changing prices in traded commodities, financial instruments or indices).

## **Risks of Trading Exchange Traded Futures and Futures Options Contracts**

The risk of loss in trading in futures and futures options contracts can be substantial. You should therefore carefully consider whether that kind of trading is appropriate for you in the light of your financial circumstances. In deciding whether or not you will become involved in that kind of trading, you should be aware of the following matters.

- a. You could sustain a total loss of the initial margin funds that you deposit with your broker to establish or maintain a position in a futures market.
- b. If the derivatives market moves against your position, you may be required, at short notice, to deposit with your futures broker additional margin funds in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds within the required time, your position may be liquidated at a loss and in that event you will be liable for any shortfall in your account resulting from that failure.
- c. Exchange traded derivatives are subject to movements in the underlying market. In the case of options, they may fall in price or become worthless at or before expiry.
- d. Under certain conditions, it could become difficult or impossible for you to liquidate a position (this can, for example, happen when there is a significant change in prices over a short period).
- e. The placing of contingent orders (such as a 'stop-loss' order) may not always limit your losses to the amounts that you may want. Market conditions may make it impossible to execute such orders.
- f. A 'spread' position is not necessarily less risky than a simple 'long' or 'short' position.
- g. The high degree of leverage that is obtainable in futures trading because of small margin requirements can work against you as well as for you. The use of leverage can lead to large losses as well as large gains.
- h. If you propose to trade in futures options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other futures trading.
- i. Options have a limited life span as their value erodes as the option reaches its expiry date. It is therefore important to ensure that the options selected meet your investment objectives.

- j. The exchanges and their Clearing Houses have discretionary powers to take action in relation to the market and the operation of the clearing facility to ensure fair and orderly markets are maintained as far as practicable. These actions can affect an investor's option positions.

This statement does not disclose all of the risks and other significant aspects involved in trading on a derivatives market. You should therefore study such trading carefully before becoming involved in it.

### **Costs & Amounts Payable Associated with Trading Exchange Traded Futures and Futures Options Contracts**

Costs – Information regarding commissions and brokerage fees for exchange traded futures and futures options may be found on the IB website at [www.interactivebrokers.com](http://www.interactivebrokers.com). Commissions are due at the time of the trade.

Additional information on pricing and contract specifications for SFE futures and futures options contracts can be found on the Australian Securities Exchange website at [www.asx.com.au](http://www.asx.com.au).

#### Amounts Payable

##### *Margins*

Generally, margin transactions for futures and futures options are subject to initial and maintenance margin requirements of exchanges, clearinghouses and regulators and also to any additional margin requirement of IB. Initial margin may vary from time to time according to the volatility of the market. Contracts are effectively marked to market on at least a daily basis.

Details regarding IB's margin policies are set forth on the IB website at [www.interactivebrokers.com](http://www.interactivebrokers.com). You acknowledge that **IB GENERALLY WILL NOT ISSUE MARGIN CALLS, THAT IB WILL NOT CREDIT YOUR ACCOUNT TO MEET INTRADAY MARGIN DEFICIENCIES, AND THAT IB GENERALLY WILL LIQUIDATE POSITIONS IN YOUR ACCOUNT IN ORDER TO SATISFY MARGIN REQUIREMENTS WITHOUT PRIOR NOTICE TO YOU.**

#### **Clearing Arrangements**

IB is a participant on the SFE and IB shall execute SFE orders for its customers. Orders executed for IB customers shall be cleared by Fortis Clearing Sydney Pty Ltd ("Fortis"), an SFE Clearing Corporation Pty Ltd ("SFE Clearing") participant.

The business address and phone number for Fortis are below:

Fortis Clearing Sydney Pty Limited  
Level 8  
50 Bridge Street  
Sydney  
NSW, 2000, Australia  
61 2 8221 3000

#### **Market Data**

Market data is available for exchange traded futures and futures options contracts by subscribing to the Sydney Futures Exchange Data Feed through IB.

Additional pricing information and contract specifications for SFE contracts are available at [www.asx.com.au](http://www.asx.com.au).

## **Taxation Implications**

Your tax position when trading exchange traded derivatives will depend on your individual circumstances and you should consult your own tax advisor before making any decisions to trade. It is important to determine whether you are a trader, a speculator or a hedger as the tax treatments for each may differ. IB cannot provide a detailed treatment of the taxation issues that are relevant to trading or investing in exchange traded futures and futures options, nor does IB offer any taxation advice, and you must therefore discuss these issues with your tax advisor.

Some of the issues that may be relevant to you include:

- Australian Tax Office (“ATO”) rulings need to be considered.
- Are you classified as a trader, as a speculator or as a hedger?
- Does revenue hedging or capital hedging apply to you?
- Are there timing issues, for example, when an option is opened in one tax year and closed in the next tax year?

This is by no means a comprehensive list of the taxation issues of futures and futures options trading. The information contained in this PDS is provided for educational purposes only and does not constitute investment, taxation or financial product advice. Taxation issues will vary from investor to investor. It is therefore important to discuss your taxation situation with your independent financial advisor or accountant, to ensure that any options trades you enter into will not have adverse taxation implications to you.

## **Dispute Resolution**

If you wish to file a complaint against IB, we encourage you to send your complaint via Account Management for the most expedient and efficient handling. This can be done by clicking on "Inquiry Ticket." Under "New Ticket" select the following:

Category: Other Regulatory

Sub-category: Submit a Complaint.

Alternatively, customers may send their complaints by e-mail to [help@interactivebrokers.com](mailto:help@interactivebrokers.com); by telephone to the customer service telephone numbers listed on the IB website at [www.interactivebrokers.com](http://www.interactivebrokers.com); or by hard copy addressed to:

Legal & Compliance Department

Interactive Brokers LLC

One Pickwick Plaza

Greenwich, CT 06830

As indicated by the Financial Industry Complaints Service (“FICS”), if you have not received a satisfactory response or 45 days have elapsed, you may refer the matter to the FICS. FICS can be contacted at:

P.O. Box 579

Collins Street West

Melbourne Vic 8007

Telephone: 1300 78 08 08

Fax: (03) 9621 2291

Email: [fics@fics.asn.au](mailto:fics@fics.asn.au)

Website: [www.fics.asn.au](http://www.fics.asn.au)

This service is provided to you free of charge.

You may also refer the matter to the Australian Securities and Investments Commission ("ASIC"). ASIC may be contacted on their Infoline on 1300 300 630.

Alternatively, customers who wish to file a complaint with, or initiate an arbitration or reparations proceeding against, IB, may consult the website of, or contact, a Self-Regulatory Organization ("SRO"), e.g., the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)), the Financial Industry Regulatory Authority ([www.finra.org](http://www.finra.org)), the National Futures Association ([www.nfa.futures.org](http://www.nfa.futures.org)), the Commodity Futures Trading Commission ([www.cftc.gov](http://www.cftc.gov)).