



DMA Trading Manual

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An Introduction to DMA trading

Please note that, while we have tried to make this manual as useful as possible, nothing in it in any way affects our customer agreement which covers all transactions with us. If there is any inconsistency between this trading manual and our customer agreement, the terms of the customer agreement will prevail.

What is DMA?

Our DMA technology allows more experienced traders Direct Market Access (DMA).

The option to enable DMA trading is activated when your account reaches a certain balance, but DMA functionality will not be removed should your account later fall below this balance.

Benefits of DMA

Using DMA allows you to view market depth and trade directly into the order book of equity exchanges worldwide. This is also known as '**Level 2**' trading.

There are a number of advantages to trading this way:

Trade inside the spread

- As a DMA trader, you can set your own price and deal directly with other market participants. This can help minimise the cost of the bid/offer spread on your trading, and can even work in your favour if you have an order to buy that is filled at the Bid Price or an order to sell that is filled at the Offer Price.

Get full access to prices in size

- Greater transparency allows you to consider market liquidity when placing a trade and ensures that your trades are executed at the price you choose. This will allow you to avoid having your orders rejected.

Enter auctions

- As a Level 2 trader you can enter stock auctions taking place outside trading hours, when the best prices are sometimes available.

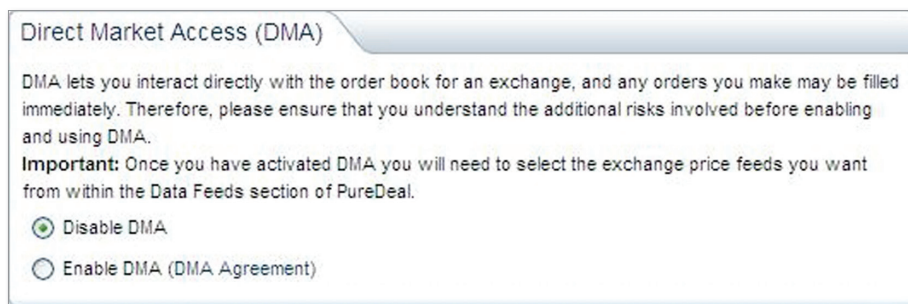
Compare buying vs. selling interest

- You can see a queue of orders waiting to be filled at various prices for a particular stock. Knowing how many bids and offers are queued on each side of the order book may offer some insight into the possible future direction of the stock.

Getting Started

Activating DMA

There are **two steps** you must take in order to activate DMA trading on your account. First, you need to activate DMA in your preferences.



Direct Market Access (DMA)

DMA lets you interact directly with the order book for an exchange, and any orders you make may be filled immediately. Therefore, please ensure that you understand the additional risks involved before enabling and using DMA.

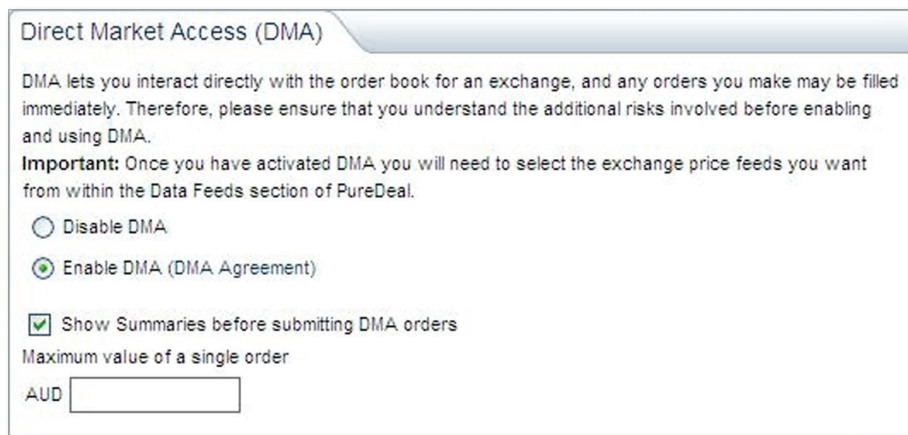
Important: Once you have activated DMA you will need to select the exchange price feeds you want from within the Data Feeds section of PureDeal.

Disable DMA

Enable DMA (DMA Agreement)

Once you have checked 'Enable DMA', you will see the DMA Agreement pop-up. You must accept this agreement to continue.

When you have clicked to agree, the box will expand:



Direct Market Access (DMA)

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Important: Once you have activated DMA you will need to select the exchange price feeds you want from within the Data Feeds section of PureDeal.

Disable DMA

Enable DMA (DMA Agreement)

Show Summaries before submitting DMA orders

Maximum value of a single order

AUD

If you want to see a summary of each order before it is sent, tick the '**Show Summaries**' box.

To limit the extent of any damage done by '**typo**' errors when entering figures in a Deal Ticket, you must set a maximum allowed value for individual transactions here.

Once you have done this, simply scroll down to save your preferences and move on to the second part of the activation process.

Second, in order to view a market's depth and make a DMA trade, you must activate live DMA data feeds for the market in which you want to trade. Data feed preferences can be updated from within the My Account panel.

Exchange	Delayed	L1 Fee	Active	DMA Fee	Active
Shares - WBAG (Vienna)	<input type="radio"/> 15 mins	<input type="radio"/> EUR 2.00	1	<input checked="" type="radio"/> EUR 3.00	1
Shares - TSX (Toronto)	<input type="radio"/> Off	<input type="radio"/> USD 9.50	1	<input checked="" type="radio"/> USD 9.50	1
Shares - Euronext (Amsterdam, Brussels, Lisbon, Paris)	<input type="radio"/> 15 mins	<input type="radio"/> EUR 1.00	1	<input checked="" type="radio"/> EUR 1.00	1
Shares - OMX (Copenhagen, Helsinki, Stockholm)	<input type="radio"/> 15 mins	<input type="radio"/> EUR 1.00	1	<input checked="" type="radio"/> EUR 5.00	1
Shares - XETRA (Germany)	<input type="radio"/> 15 mins	<input type="radio"/> EUR 15.00	2	<input checked="" type="radio"/> EUR 20.00	2
Shares - ATHEX (Athens)	<input type="radio"/> Off	<input type="radio"/> EUR 10.68	1	<input checked="" type="radio"/> EUR 12.50	2
Shares - ISEQ (Ireland)	<input type="radio"/> 15 mins	<input type="radio"/> EUR 5.00	1	<input checked="" type="radio"/> EUR 8.00	1
Shares - MIB (Milan)	<input type="radio"/> Off	<input type="radio"/> EUR 0.40	1	<input checked="" type="radio"/> EUR 1.20	1
Shares - OSE (Oslo)	<input type="radio"/> 15 mins	<input type="radio"/> NOK 10.00	1	<input checked="" type="radio"/> NOK 100.00	2
Shares - ASX (Australia)	<input type="radio"/> 20 mins	<input type="radio"/> AUD 37.50	4	<input checked="" type="radio"/> AUD 37.50	4
Shares - IOB (UK)	<input type="radio"/> 15 mins	<input type="radio"/> GBP 2.00	1	<input checked="" type="radio"/> GBP 2.00	1
Shares - LSE (UK)	<input type="radio"/> 15 mins	<input type="radio"/> GBP 4.00	1	<input checked="" type="radio"/> GBP 6.00	1

For traders who make a certain minimum number of trades per month, DMA data is provided on a charge-and-refund system; the number of trades you need to make in order to be refunded varies by exchange and is listed under the column labelled **'Active'**.

Once you have followed these two steps, you will be able to begin DMA trading.

Your DMA Deal Ticket

Ticket

BHP Billiton Ltd (-)

Current: 30.430 Chg: -0.400 Hi: 30.430 Lo: 29.920

DMA OTC

9000	30.400	30.490	750
931	30.300	30.500	28180
5000	30.250	30.600	9020
1000	30.230	30.610	500
500	30.210	30.650	595

Details

Direction

Order Type Limit - Day

Size (Min: 1)

Order Level

Contingent Orders

Stop pips away (Min:0.1)

Limit pips away

Requirements

Consideration AS 0 (Max: AS218000)

Margin Reqd AS -

Cancel Place Order

- | | |
|---|--|
| <ul style="list-style-type: none"> 01. Current share price 02. Best available bid price 03. Volume of shares at best bid price 04. Market depth information for bid orders (volume / price) 05. Switch trade direction 06. Size and level of order 07. Stop / Limit orders 08. Overall value of trade (ie. 2000 shares at \$2 = \$4000 consideration) | <ul style="list-style-type: none"> 09. Amount of margin required to place the trade 10. Maximum consideration (can be set in DMA preferences) 11. Type of order 12. Market depth information for ask orders (price / volume) 13. Volume of shares at best offer price 14. Best available offer price 15. Switch between DMA and OTC Deal Tickets 16. The day's high and low traded on the exchange |
|---|--|

DMA Orders and Trades

Selecting a Price

To select a price, simply open a Deal Ticket and click on the price at which you want to trade. Alternatively, you can enter the price into the **'Order Level'** box in the Deal Ticket. If you click on a **'bid'** price, the trade will default to a selling position, and if you click on an **'offer'** price, the default will be to buy. Change trade direction by clicking the **'Switch'** arrow.

Types of Order

OTC

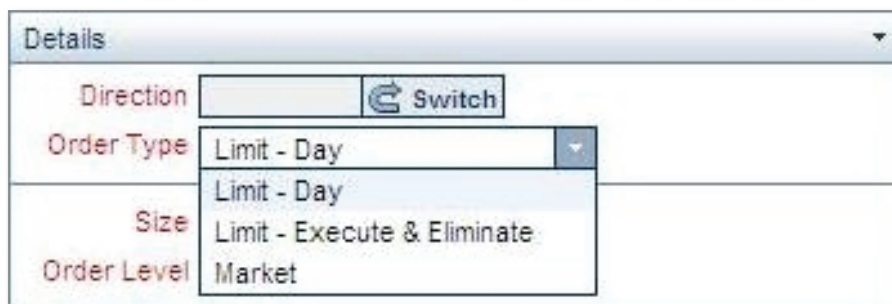
Even when **'Level 2'** trading is activated, it is possible to place an Over The Counter (OTC) order by using the DMA/OTC tab on Deal Tickets. It is also possible to open a position DMA but close it OTC and vice versa.

Level 2

DMA orders are quite different from OTC orders, and it is therefore important to understand exactly what varying types of Order mean before placing them.

There are three listed **'Level 2'** order types to choose from:

- Limit – Day
- Limit – Execute & Eliminate
- Market



The screenshot shows a 'Details' window with the following fields and options:

Direction	<input type="text"/>	<input type="button" value="Switch"/>
Order Type	Limit - Day	
Size	Limit - Day	
Order Level	Limit - Execute & Eliminate	
	Market	

[The DMA Deal Ticket shows no distinction between different types of Market Order because these orders are modified automatically depending on the circumstances of the trade].

How Level 2 Orders Work

Please note that not all exchanges will process order types exactly as they are outlined below. Contact your local dealing desk for more information.

The following explanations refer to this Order Book, from Westfield:

Ticket			
Westfield Group (-)			
Current: 12.600 Chg: -0.490 Hi: 13.220 Lo: 12.300			
1000	12.590	12.630	3500
300	12.560	12.650	1500
2159	12.550	12.660	3880
790	12.540	12.690	1595
1000	12.530	12.700	2500

Limit Day

This is an Order with a specified size and price which executes against eligible Orders, with any remaining unexecuted portion added to your Orders to Open. This remainder will stay active until the end of the day's trading, when it will be cancelled. For example, a Limit Day order to buy 4000 Westfield shares at 12.63 would execute an order for 3500 shares. The remaining 500 shares would be added to your Orders to Open, until that many shares became available at a price of 12.63. If the remaining order of 500 shares is not filled before the end of the day, the Order to Open will be cancelled. Once this remainder is cancelled, the Open Position will become active.

Using DMA, it is also possible to place Limit Day Orders during the auction periods of equity exchanges. When a stock is in auction, a red bar will highlight the best bid and offer prices on the Deal Ticket. Auctions normally take place before markets open or at the end of the trading day, but a stock may also enter an intra-day auction. On the Australian Stock Exchange, pre-open will take place between 0930-10:00 and the closing auction will take place between 16:00-16:10 (Sydney time).*

* Full details are made available by the ASX http://www.asx.com.au/resources/education/basics/trading_hours_asx.htm

Limit Execute and Eliminate

This will execute as much of the trade as possible at the level you specify, before cancelling any remaining balance. For example, an order to sell 2000 shares at 12.56 would sell 1000 shares at 12.59 and 300 shares at 12.56, and the remaining balance of 700 shares would be cancelled immediately. At the moment the remainder is cancelled, the Open Position of 1300 shares becomes active.

Please note that Execute and Eliminate Orders cannot be placed during auction periods

Market

A Market Order on the ASX will automatically execute against the best bid or offer price, but will cancel itself entirely if there are not enough shares available at this price. For example, a Market Order to buy 5000 Westfield shares would attempt to fill the order at 12.63, but would be rejected because there are only 3500 shares available at this price. However, a Market Order to buy 3500 shares (or fewer) would be automatically executed at the best price of 12.63.

Please note that Market Orders cannot be placed during auction periods and other exchanges treat Market Orders in different ways. Contact the dealing desk for full details.

Contingent Orders

Stop and Limit orders work in the same way as they do with OTC trades in that they are filled by us rather than in the market. A Stop Order is an instruction to deal at a less favourable level than the current price, and a Limit Order is an instruction to deal at a more favourable level. NB. To attach a Limit Order to a trade, the trade must be active; it is not possible to attach Limit to an inactive, partially filled trade.

Open Positions /Orders to Open /Activity Panels

Open Positions

Trades that appear in the Open Positions panel have been filled or partially filled:

- Filled trades are displayed alongside a green icon to indicate that they are active.
- Partially filled trades are displayed next to a grey icon to indicate that they are inactive.

To activate a partially filled trade, either fill or cancel the unfilled remainder.

Orders to Open

Orders which appear in the Orders to Open panel are still working in the market, waiting to be filled. For example, the remainder of a partially-filled Open Position, or a standalone Working Order, would appear in the Orders to Open panel.

For example:

Imagine you have placed this order:

Ticket			
Wesfarmers Ltd (-)			
Current: 17.490 Chg: -0.520 Hi: 18.030 Lo: 17.110			
5000	17.480	17.530	100
5000	17.460	17.570	2500
5000	17.450	17.580	1414
60	17.440	17.620	400
1595	17.400	17.700	291

Details	
Direction	Buy <input type="button" value="Switch"/>
Order Type	Limit - Day
Size	150 (Min: 1)
Order Level	17.530
Contingent Orders	
Stop	<input type="text"/> pips away (Min:0.1)
Limit	<input type="text"/> pips away
Requirements	
Consideration	AS\$ 2629.50 (Max: AS\$100000000)
Margin Req	AS\$ 131.48
<input type="button" value="Cancel"/> <input type="button" value="Place Order"/>	

(A Limit-Day Order to buy 150 Wesfarmers shares at the best price of 17.53)

There are 100 shares available to buy at 17.53. Looking at the market depth, the next best price is 17.57 (where there are 2500 shares for sale).

Because this is a Limit Day Order, a position buying the available 100 shares at 17.53 and the remaining 50 shares become an Order to Open, waiting to be filled at a price of 17.53.

By ensuring that your remaining order to buy 50 shares is filled at the price of 17.53, rather than 17.57 – the best offer price available after you have bought the initial 100 shares, – you are trading within the bid/offer spread.

The two orders would be displayed like this:

Open Positions													Display	<input type="checkbox"/> Aggregate view	X
Market	Period	Order Size	Position	Opening	Stop	Type	Limit	Latest					Profit/Loss		
Wesfarmers Ltd	-	150	+100	17.53	-	-	-	17.810000					AS -14.00		
												Total			AS 14.00

Orders to Open														Display	X
Market	Period	Order Size	Working	Order Type	Level	Stop	Type	Limit	Good Till	Latest					
Wesfarmers Ltd	-	150	+50	Limit	17.53	-	-	-	13/01/09 23:59	17.860000					

To activate the Open position, you would have to fill or delete the Order to Open for 50 shares at 17.53. As this is a Limit Day Order, the Order to Open will only remain active until the end of the day.

Activity

This panel displays all your recent trades, including the date and time of the trade, the equity traded, whether the trade was a complete order or a partial fill and whether it was made OTC or DMA.

Acknowledgement of Orders

When you place a DMA order, you will receive a pop-up acknowledgment (with an orange icon) to confirm the market you are trading, the order level and size, and the trade's unique reference code. Remember, this is an acknowledgment that you have placed an order and that it has been sent; it is not a confirmation that the order has been filled. You should make sure you are aware of an order's status and whether it is filled or waiting to be filled. To see an order's status, check the Open Positions and Orders to Open panels. The Activity panel will also display a history of recent trading actions you have taken.

Closing a Trade

It is possible to open an L2 position using the DMA section of the Deal Ticket, but close the position using the OTC section, and vice versa.

If you use a Deal Ticket to close a specific open position, you will be able to do so either by sending a Limit Execute and Eliminate or Limit Day order.

With an Execute and Eliminate order, as much of the position as possible will be closed at the level you specify, and the remainder will stay open. The extent to which the order to close a position can be filled depends on the availability of buyers at your selling price (or sellers at your buying price). To close any remaining part of the position, you would have to send a separate order.

If you use a Limit Day order to close a position, as much of your trade as possible will be executed at your chosen price. Any unexecuted part of the trade will remain active until the end of the day's trading when, any unfilled portion of the trade will be cancelled.

During stock auction periods, it is not possible to close a trade using a DMA Deal Ticket.

However, even when explicit DMA closes are unavailable, you can place an 'unattached' order to close a position. This is done by placing an order in the opposite direction to your open position (but which is not attached to the initial order). When the unattached order is filled, it will close the initial open position where possible. Unattached orders work in the same way as normal new orders: you will see a running position in the Open Positions panel, while the remainder of the order is filled (displayed in Orders to Open).

For example, say you have an open position of +10,000 Vodafone shares and you now want to close it. To close the position with an unattached order, you could place a new Limit Day order to sell 10,000 Vodafone shares. However if there are only 5,000 shares available at your price, you would get a partial fill in 5,000 shares and the rest of the order would continue working in the market. You would then have two positions in your Open Positions panel: one of +10,000 shares and another, a partially-filled position, of -5000. You would also see a working order of -5,000 in the Orders to Open panel, and when this order is completely filled, amended or deleted you would see the opposing positions net off against one another.

Things to Remember

The nature of our DMA contract

It is important to note that while you are trading based on underlying market prices and depth, what you actually receive on placing a trade is a CFD from us. It works like this:

- DMA displays the best bid and offer price available for a particular market, as well as up to four further – ‘market depth’ – prices on each side of the order book;
- You then place an order using a DMA Deal Ticket and we instantaneously conduct a margin check to ensure you have sufficient funds on account to cover margin on your proposed trade;
- If the margin check is satisfied, we will place an order in our name in the market and, simultaneous to this, we will create a parallel CFD between you and us.

So while you are trading at market prices, you do not gain any ownership rights over the shares or futures which form the subject of your CFD.

Possible risks and costs

Because we take our own position in the underlying market in order to provide you with a parallel contract, it is important to remember that once an order has been executed we are unable to change or reverse your position. If you have incorrectly or erroneously submitted an order you are bound by the size and price at which the order has been executed.

If you short sell a stock and the underlying share becomes unborrowable, meaning that we are unable to hedge against possible losses, your order will be closed at the market level. A share may either be unborrowable from the outset or our brokers or agents may recall from us a stock that we have already borrowed against.

Before activating DMA, you should fully understand the costs involved. Depending on the exchange on which you wish to trade, you may be liable to pay some data usage

fees (see Permissions and Data Feeds, p.3). You should also be aware that, under the terms of our customer agreement, you agree to indemnify us for any transaction costs, such as stock borrowing fees, which we incur as a result of your transaction. Contact us for more information on these costs plus commission and funding charges.

Trading conduct & market abuse

Since, as a Level 2 trader, you are effectively participating directly in the market, it is your responsibility to acquaint yourself with all relevant rules and legislation for the exchange on which you are trading.

In Australia, for example, you should be aware of the requirements of the Takeover Panel, and your obligation to report positions in certain circumstances (www.takeovers.gov.au). You should be aware that notwithstanding you do not gain ownership rights to the actual underlying (but rather gain a CFD with us) there will be some instances where you are nonetheless required to disclose your interest to the Australian Takeovers Panel (or similar body in your jurisdiction). You will also be bound by the rules of the exchange on which you are trading. For example, if you are trading on the Australian Stock Exchange you should be aware that we are bound by the ASX rules and that you must avoid taking any action that might put us in breach of those rules. The ASX Market Supervision and Rules section is likely to be the most relevant and can be found at: www.asx.com.au/supervision/rules_guidance/index.htm

You must also be aware of local market misconduct and other prohibited conduct. These are summarised in Appendix A.

Mobile Dealing

Our iPhone app supports DMA trades for clients with PureDMA activated in their account settings. DMA trading is not yet available on our platform on other mobile devices.

Appendix A

Insider dealing

This is where an insider i.e. a person in possession of unpublished price sensitive information deals or attempts to deal in a qualifying investment on the basis of that information.

Improper disclosure

This is where an insider discloses inside information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

Misuse of information

This is where the behaviour does not amount to insider dealing or improper disclosure but:

- a)** is based on information not generally available to those using the market but which, if available to a regular user of the market, would be, or would be likely to be, regarded by him as relevant when deciding the terms on which transactions in qualifying investments should be effected; and
- b)** is likely to be regarded by a regular user of the market as a failure on the part of the person concerned to observe the standard of behaviour reasonably expected of a person in his position in relation to the market.

Manipulating transactions

This consists of effecting transactions or orders to trade (otherwise than for legitimate reasons) which:

- a)** give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price of a qualifying investment, or
- b)** secure the price of an investment at an abnormal or artificial level.

Manipulating devices

This type of behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception.

Dissemination

This type of behaviour consists of the dissemination of information which gives, or is likely to give, a false or misleading impression as to an investment by a person who knew or could reasonably be expected to have known that the information was false or misleading.

Misleading behaviour and distortion

This type of behaviour (where the abuse does not amount to any of the behaviours in respect of manipulation or dissemination described above) is where it:

- a)** is likely to give a regular user of the market a false or misleading impression as to the supply of, demand for or price or value of an investment; or
- b)** would be, or would likely to be, regarded by a regular user of the market as behaviour that would distort or be likely to distort the market in such an investment.